

BEGROTING 2019/20

2019/20 TO 2022/23
MEDIUM TERM
INKOMSTE EN UITGAWE
VOORUITSKATTINGS

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS	i
AFDELING 1 – JAARLIKSE BEGROTING.....	1
1.1 BURGEMEESTERSVERSLAG.....	1
1.2 OPERATING REVENUE FRAMEWORK.....	12
1.3 OPERATING EXPENDITURE FRAMEWORK.....	18
1.4 CAPITAL EXPENDITURE.....	22
1.5 ANNUAL BUDGET TABLES	22
PART 2 - SUPPORTING DOCUMENTATION	
1.7 OVERVIEW OF THE ANNUAL BUDGET PROCESS	33
1.8 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP	34
1.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS	38
1.10 OVERVIEW OF BUDGET RELATED-POLICIES	44
1.11 OVERVIEW OF BUDGET ASSUMPTIONS.....	47
1.12 OVERVIEW OF BUDGET FUNDING	48
1.13 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS.....	59
1.14 COUNCILLOR AND EMPLOYEE BENEFITS	61
1.15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW	63
1.16 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS	73
1.17 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS	73
1.18 CAPITAL EXPENDITURE DETAILS	73
1.19 LEGISLATION COMPLIANCE STATUS.....	74
1.20 OTHER SUPPORTING DOCUMENTS	75
1.21 MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....	

LIST OF TABLES

Table 1 Summary of revenue classified by main revenue source.....	13
Table 2 Operating Transfers and Grant Receipts.....	14
Table 3 MBRR Table SA14 – Household bill	18
Table 4 Summary of operating expenditure by standard classification item	19
Table 5 MBRR Table A1 - Budget Summary	23
Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification).....	25
Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)	26
Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)	27

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source.....	28
Table 10 MBRR Table A6 - Budgeted Financial Position	29
Table 11 MBRR Table A7 - Budgeted Cash Flow Statement	30
Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation	30
Table 13 MBRR Table A10 - Basic Service Delivery Measurement	31
Table 14 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue	36
Table 15 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure.....	37
Table 16 MBRR Table SA7 - Measurable performance objectives.....	40
Table 17 MBRR Table SA8 - Performance indicators and benchmarks.....	41
Table 18 Breakdown of the operating revenue over the medium-term	49
Table 19 MBRR SA15 – Detail Investment Information	50
Table 20 MBRR SA16 – Investment particulars by maturity.....	50
Table 21 Sources of capital revenue over the MTREF	51
Table 22 MBRR Table SA 17 - Detail of borrowings	52
Table 23 MBRR Table SA 18 - Capital transfers and grant receipts	53
Table 24 MBRR Table A7 - Budget cash flow statement.....	54
Table 25 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation	55
Table 26 MBRR SA10 – Funding compliance measurement.....	56
Table 27 MBRR SA19 - Expenditure on transfers and grant programmes.....	59
Table 28 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds	60
Table 29 MBRR SA22 - Summary of councillor and staff benefits	61
Table 30 MBRR SA24 – Summary of personnel numbers	62
Table 31 MBRR SA25 - Budgeted monthly revenue and expenditure	63
Table 32 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote).....	65
Table 34 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)	68
Table 35 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)	70
Table 36 MBRR SA30 - Budgeted monthly cash flow.....	71
Table 37 MBRR SA 34a - Capital expenditure on new assets by asset class	73
Table 38 MBRR SA37 - Projects delayed from previous financial year	73
Table 39 MBRR SA32 – List of external mechanisms	75

LIST OF FIGURES

Figure 1 Main operational expenditure categories for the 2017 / 2018 financial year.....	21
Figure 4 Planning, budgeting and reporting cycle	38
Figure 5 Definition of performance information concepts.....	39
Figure 6 Breakdown of operating revenue over the 2017/ 2018 MTREF	50

AFDELING 1 – JAARLIKSE BEGROTING

1.1 BURGEMEESTERSVERSLAG

Raadslede, Amptenare, Dames en Here

Die opstel van die begroting begin soos in terme van artikel 21(1)(b) van die MFMA no 56 van 2003 reeds tien maande voor die aanvang van die finansiële jaar waarop die begroting van toepassing gaan wees. Dit is 'n uiters belangrike aangeleentheid wat die aandag van al die raadslede, amptenare, maar veral die inwoners van Karoo Hoogland, vereis. Dit is ook belangrik aangesien daar aan wetgewing en voorskrifte soos deur die Nasionale Tesourie voldoen moet word.

Die Munisipaliteit het die afgelope maande begrotings en GOP gemeenskaps vergaderings gehou op elke dorp in Karoo-Hoogland. In sommige dorpe was die opkoms redelik maar oor die algemeen ietwat teleurstellend. Alle Raadslede het waar moontlik die vergaderings bygewoon en die insette van die gemeenskappe was dan oorweeg vir insluiting in die begroting en GOP.

Die begroting wat aan u voorgelê word is opgestel met inagneming van die volgende wetgewing en omsendbriewe:

MFMA no 56 van 2003

Begrotingsomsendbriewe no 93 en 94

Alle omsendbriewe van Nasionale Tesourie wat op die begroting van toepassing is.

NERSA se omsendbriewe en voorgestelde tarief verhogings

SALGA omsendbriewe met betrekking tot die koste van amptenare en raadslede

DORA (Vervat die inkomste toekennings aan Munisipaliteite)

Ek wil elkeen verseker dat die begroting 'n resultaat van baie ure se sorgvuldige oorweging, toegepaste kennis, versigtige beplanning maar veral ook baie harde werk was. Soos in die verlede is die begroting die resultaat van die gekombineerde vaardighede van die Raad en Amptenare, met die uitsluitlike doel om binne die finansiële raamwerk van die Munisipaliteit in te pas.

Die ekonomiese agtergrond waarteen die begroting opgestel is om die minste te sê uiters onseker. Daar is duidelike tekens dat die ekonomie agteruitgegaan het oor die langtermyn alhoewel daar in die laaste tyd 'n verbetering was. Die bruto binnelandse produk van Suid-Afrika is laer ge-hersien en dit blyk ook dat hierdie tendens gaan voort duur vir die komende nabye toekoms. Die verslapping in die ekonomiese groei vanaf 2012 het uiteraard groter stremminge geplaas op werkloosheid wat dan die lewensgehalte van die meeste Suid-Afrikaners negatief beïnvloed het. Die skerp styging van die Brent ru-olie prys oor die afgelope maande het die prys van diesel en petrol skerp laat styg wat dan ook die kostes van ander produkte vir lewering, laat styg het. Die verhoging in BTW in 2018 van 14% na 15 % het ook versoorsoak dat die eind verbruiker van goedere en dienste slegter daaraan toe is as voor die verhoging.

Raadslede, soos in die vorige jaar se verslag, moet ek egter by herhaling u aandag daarop vestig dat bekostigbaarheid en volhoubaarheid steeds die deurslaggewende faktor is met die vastelling van tariewe vir die verbruikers van Karoo Hoogland Munisipaliteit

Die werklike behoeftes van die gemeenskappe is egter met omsigtigheid benader, want Dames en Here, hierdie Raad gee om vir sy inwoners en gemeenskappe en stel hul belange op die voorgrond. Desnieteenstaande, bly groot agterstande en wyd uiteenlopende behoeftes, weens 'n gebrek aan die nodige finansies, steeds die realiteit en vir ons 'n voortdurende uitdaging wat ons na die beste van ons vermoë moet bestuur in samewerking met die Administrasie

GEINTREGREERDE ONTWIKKELINGS PLAN (GOP)

GOP Oorsig:

Die GOP en begroting van die Munisipaliteit soos aan u voorgelê loop hand aan hand. In die geval van Karoo Hoogland ondervind die munisipaliteit in sommige gevalle, uiterste armoede en die onvermoë van verbruikers om vir basiese dienste te kan betaal. Dit is 'n realiteit waarmee die Munisipaliteit moet saam leef maar terselfertyd ook sy mandaat as diensleweraar aan die gemeenskappe moet handhaaf.

Die finansiële posisie van die Munisipaliteit laat ook egter nie toe dat projekte uit eie fondse gefinansier kan word nie en daarom kan daar nie altyd in die behoeftes van die gemeenskappe voldoen word nie. Om die rede is die GOP gedeeltelik gefinansier uit die Raad se eie fondse. Projekte sal dus net uitgevoer kan word indien eksterne fondse bekom kan word om sulke

projekte te finansier. Die kapitaal projekte word dus hoofsaaklik uit infrastruktuur toekennings van die Regering gefinansier.

Raadslede, Dames en Here, die GOP dui rigting aan waarna die Munisipaliteit oppad is. Dit is die plig van elke Amptenaar en Raadslid om toe te sien dat die GOP ter uitvoering gebring word om ons gemeenskappe te bevorder en die kwaliteit van die lewensgehalte van ons mense op te hef. Dit is dan ook die rede waarom hierdie dokument ten minste jaarliks hersien en aangepas word om te verseker dat die Munisipaliteit in die veranderde behoeftes van sy mense kan voorsien.

KAPITAAL BEGROTING

Soos reeds genoem, weens die finansiële posisie van Karoo Hoogland Munisipaliteit was dit weereens onmoontlik om enige infrastruktuur projekte deur middel van interne fondse te finansier. Karoo Hoogland is aangewese op regerings toekennings vir infrastruktuur projekte. Die volgende projekte is reeds by die MIG kantore geregistreer en behels die volgende, Sutherland Water Netwerk ter waarde van R 8.087 Mil, EEDMS ter waarde van R 5 Mil vir die vervanging van straatligte te Williston en Fraserburg en die oprigting van sonpanele by Administratiewe kantore en by pompe en INEP ter waarde van R 2 Mil vir die opgradering van elektrisiteits netwerk in Fraserburg. RBIG fondse van R 20 Mil is in die DORA ingesluit maar dit blyk dat Karoo Hoogland Munisipaliteit nie die fondse gaan kry nie. Totale kapitale begroting van fondse van regering beloop dus R 35 Mil.

Kapitale Toekennings:

MIG	8,087,000
EEDMS	5,000,000
INEP	2,000,000
RBIG	20,000,000

Total R 35,087,000

BEDRYFSBEGROTING**Oorsig en tariewe:**

Waar daar in die verlede geweldige druk op die begroting was, kon die Raad vanjaar weereens daarin slaag om 'n begroting daar te stel wat self finansierend is. Dit word weerspieel in die A1 skedules en spesifiek die "SA10" skedule. Dit is verder belangrik dat die begroting wanneer geïmplementeer dan op 'n daaglikse basis gemonitor moet word om oor-besteding te voorkom. Die Administrasie ervaar baie uitdagings met die implementering van mSCOA en is heeltemal afhanklik van die Diens verskaffer om 'n geïntegreerde stelsel aan die Munisipaliteit daar te stel. Die oorskakeling na mSCOA kan dan moontlik die monitering van die begroting ietwat belemmer. Die Administrasie sal na moontlike alternatiewes moet kyk om die begroting te bestuur om sodoende die risiko van effektiewe begroting bestuur, te verminder. Aan die inkomste kant van die begroting moet amptenare die goedgekeurde beleide effektief en konsekwent toepas om te verseker dat die begrote inkomste wel realiseer. Raadslede moet die verbruikers aanmoedig om vir dienste te betaal en daadwerklike pogings aanwend om te verseker dat die deernis verbruikers wel by die kantore registreer sodat die subsidies dan teen die rekeninge van die verbruikers, gekrediteer kan word.

Aan die uitgawe kant, moet uitgawes aangegaan word in lyn met die begroting en moet omsend brief No 82 en Nasionale Tesourie se "Instruction Note No 3" met betrekking tot "Cost containment" tot die letter toe, uitgevoer word. "Instruction Note No 3 handel oor spesifiek "Reis en Verblyf" uitgawes.

Met die implementering van die nuwe verslagdoenings formaat, moet Munisipaliteite nou ook voorsiening maak vir waardevermindering Hierdie bedrag beloop vir die begroting onder oorsig, R7 Mil, uiteraard sal so 'n meegaande tariefverhoging onbekostigbaar vir die verbruiker wees. Met inagneming van die bogenoemde, kon die Raad daarin slaag om die gemiddelde styging tot slegs ongeveer 5.4% te beperk. Aangesien die waterwerke in Sutherland operasioneel is en die

kostes vir die suiwing van water substansieel gaan styg, gaan die tariewe op water verbruik heelwat meer moet styg as die 5.4% soos vir ander dienste. 'n Verhoging van 9.5% tot 11.5 % word voorgestel om die uitgawes te kan finansier.

Soos u reeds weet was 'n nuwe waardasierol rol met ingang van 1 Julie 2019 ge-implimenteer en is die tarief verhoging beperk tot 5.4%

Tariefverhogings per diens sal dan as volg wees:

Tariefverhogings	
Elektrisiteit	13.07%
Water	9.5 - 11.5%
Riool	5.4%
Vullis	5.4%
Erfbelasting	5.4%

Operasionele Inkomste:

Die totale begrote inkomste is R 59,088 Miljoen en die hoof inkomste bronne word in die volgende tabel weerspieel.

Inkomste	(000)
Erf Belasting	7,147
Elektrisiteit	10,443
Water	3,215
Sanitasie	3,173
Vullisverwydering	2,429

BEGROTING 2019/20	
Ander	6,247
Interowerheidstoekenning	26,434
Totaal	59,088

Operasionele Uitgawes:

Die begrote bedryfsuitgawes beloop R 66.125 Mil en is per kategorie vervat in die volgende tabel.

Uitgawes	Totaal
Salarisse	27,074
Raadslede vergoeding	2,674
Slegte skuld	2,915
Waardevermindering	7,500
Grootmaak Aankope	9,424
Kontrakteurs dienste	5,000
Onderhoud en herstel	1,310
Ander	10,228
Totaal	66,125

Die Munisipaliteit begroot dus vir 'n tekort van R 7,037,000.00 vir die 2019/2020 finansiële jaar as die totale uitgawes afgetrek word van die totale inkomste in die bedryfsbegroting. 'n Bedrag van R 1,109 500 word vir kapitale uitgawes begroot soos bv vir 3 bakkies en die oprigting van publieke toilette te Sutherland.

Besoldiging:

Die salaris verhogings vir amptenare is gefinaliseer en 'n 6.5% toename word voor begroot.

Instandhouding:

Instandhouding van die Raad se bates het in die verlede nie genoegsame aandag geniet nie en dit is egter met die begroting dieselfde geval. Minder as 4 % van die begroting was hiervoor begroot in die 2018/2019 bedryfsbegroting. Hierdie jaar word 3% van die totale operasionele uitgawe begroting aan herstel en onderhoudskostes toegedeel. Die toekennings vir, INEP en EEDMS word as kapitaal geag en word dus nie bygereken as herstel kostes nie

Wanbetaling:

Die grootste enkele uitdaging wat voor die Raad lê is die stand van wanbetaling. Die swak betalings tendens kan aan verskeie faktore te wyte wees soos byvoorbeeld die swak ekonomiese groei van die land wat werkskepping strem, die skerp verhoging in petrol en diesel pryse wat die vermoë van verbruikers om te betaal, demp. Die krag onderbrekenings wat Eskom die afgelope maande ingestel het, het ook die vermoë van besighede om te betaal, beïnvloed. Die Raad en Administrasie moet hul eenparig verbind tot verskerpte optrede en toesien dat die kredietbeheer beleid streng uitgevoer word. Indien die beplande 87% betaling nie behaal word nie, sal die Raad uitgawes moet sny om te verseker dat die spandering binne die totale bedryfsbegroting is.

Operasionele Toekennings :

Die bedrae ontvangbaar van die Nasionale Regering met betrekking tot die bedryfsbegroting is R 26.348 Mil en is hoofsaaklik ten doel om verligting te bring vir die armste van die armste inwoners van ons gemeenskappe. 'n Beroep word gedoen op die publiek om te registreer vir hierdie subsidie wat die kwalifiserende huishoudings as 'n krediet teen hul dienste rekeninge sal ontvang. Die volgende tabel weerspieël 'n gedetailleerde uiteensetting van die toekennings soos gepubliseer in die DORA.

Toekenning	Totaal
FMG	2,435,000
Gelykberegtiging toekenning	22,416,000
Biblioteek toekenning	1,497,000
Totaal	26,348,000

Subsidies vir Deernis Verbruikers:

Alle verbruikers wat kwalifiseer in terme van die deernis beleid van die Raad moet aangemoedig word om te registreer sodat hul die volgende subsidies kan ontvang:

Elektrisiteit	50 KWh per maand
Water	6 Kl gratis per maand
Sanitasie	100% gratis
Vullis	100% gratis
Erfbelasting	Afhangend van die Waardasie

SLOTSOM

Die doel van hierdie begroting was om 'n begroting daar te stel wat haalbaar en volhoubaar is. Dit dien geen doel om 'n begroting op te stel in die hoop dat dit aanvaarbaar vir die gemeenskap is maar welwetend dat dit kwalik sal realiseer. Sodoende is slegs projekte waarvoor fondse reeds beskikbaar is voor begroot. Inkomste en uitgawes is so saamgestel dat dit realistiese verwagtings kan skep. Daar is egter ook sekere doelwitte gestel wat nagejaag moet word en waarvoor streng kontrole gehou sal moet word.

In die toekoms sal ook net dienste gelewer word deur die Munisipaliteit wat as deel van sy mandaat geag word en tot voordeel van die gemeenskap is.

Aan die Munisipale Bestuurder en sy personeel, baie dankie vir u bydrae en alle sterkte met die implimentering en uitvoering van hierdie begroting. Die sukses sal afhang van u pligsgetroue optrede.

Aan die publiek hier teenwoordig, baie dankie vir u belangstelling en deelname. Daar is vir elkeen in die gemeenskap iets om na uit te sien in die komende jaar.

1.2 RAADSBESLUIT

See Report

The following budget principles and guidelines directly informed the compilation of the 2019 / 2020 MTREF:

- mSCOA is now a reality and an integral part of municipal administration, therefore the budget was compiled from scratch too ensure that the budget is in accordance to the new chart of accounts.
- The 2018/19 Budget priorities and targets, as well as the base line allocations contained in the Budget were adopted as the upper limits for the new baselines for the 2019/ 2020 annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk electricity and employee related costs. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- That service tariff increases be limited to 5.4% except for electricity which is limited to 13.87% and water between 9.5 and 11.5%

1.3 OPERATING REVENUE FRAMEWORK

For Karoo Hoogland Municipality to continue improving the quality of services provided to its citizens, it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macro-economic policy;
- Growth in the KHM and continued economic development;
- Efficient revenue management, which aims to ensure a 87 per cent annual collection rate for property rates and other key service charges;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the KHM.

The following table is a summary of the 2019 / 2020 MTREF (classified by main revenue source):

Table 1 Summary of revenue classified by main revenue source

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Choose name from list - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	5 326	5 799	6 492	6 574	6 574	6 574	6 574	7 147	7 533	7 940
Service charges - electricity revenue	2	8 800	8 768	8 838	9 855	9 902	9 902	9 902	10 443	11 007	11 601
Service charges - water revenue	2	2 350	2 780	2 910	2 820	2 820	2 820	2 820	3 215	3 389	3 572
Service charges - sanitation revenue	2	2 305	2 643	2 640	2 667	2 667	2 667	2 667	3 173	3 344	3 525
Service charges - refuse revenue	2	1 724	2 046	2 019	2 098	2 098	2 098	2 098	2 429	2 560	2 698
Rental of facilities and equipment		765	808	846	747	736	736	736	739	779	821
Interest earned - external investments		252	348	317	403	403	403	403	309	325	343
Interest earned - outstanding debtors		904	1 254	1 569	1 620	1 802	1 802	1 802	2 716	2 862	3 017
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		6	4	2	10	19	19	19	29	30	32
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		276	315	308	294	-	-	-	75	79	83
Transfers and subsidies		21 194	23 759	22 961	23 918	26 526	26 526	26 526	26 434	28 741	30 729
Other revenue	2	2 050	1 559	737	3 224	4 832	4 832	4 832	2 381	2 509	2 645
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		45 951	50 082	49 638	54 230	58 379	58 379	58 379	59 088	63 159	67 005

Table 2 Operating Transfers and Grant Receipts

Choose name from list - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		19 542	19 503	21 098	22 221	22 221	22 221	24 851	27 074	29 062
Local Government Equitable Share		15 812	16 678	18 198	20 251	20 251	20 251	22 416	24 207	26 195
Finance Management		1 800 930	1 825 -	1 900 -	1 970 -	1 970 -	1 970 -	2 435	2 867	2 867
Other transfers/grants [insert description]		1 000	1 000	1 000	-	-	-	-	-	-
Provincial Government:		1 713	1 743	1 667	1 697	1 497	1 497	1 497	1 667	1 667
Sport and Recreation		1 713	1 743	1 667	1 697	1 497	1 497	1 497	1 667	1 667
Other transfers/grants [insert description]										
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	21 255	21 246	22 765	23 918	23 718	23 718	26 348	28 741	30 729
Capital Transfers and Grants										
National Government:		10 005	7 744	21 145	43 020	43 020	43 020	33 087	13 274	13 542
Regional Bulk Infrastructure		2 000			27 000	27 000	27 000	20 000	-	-
Municipal Infrastructure Grant (MIG)		8 005	7 744	14 145	8 020	8 020	8 020	8 087	8 274	8 542
Regional Bulk Infrastructure EEDSM				7 000	5 000 3 000	5 000 3 000	5 000 3 000	5 000	5 000	5 000
Provincial Government:		-	1 600	-	1 000	1 000	1 000	2 000	-	-
INEP			1 600		1 000	1 000	1 000	2 000		
District Municipality: [insert description] Pula Nala		1 000	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	11 005	9 344	21 145	44 020	44 020	44 020	35 087	13 274	13 542
TOTAL RECEIPTS OF TRANSFERS & GRANTS		32 260	30 590	43 910	67 938	67 738	67 738	61 435	42 015	44 271

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the KHM.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the KHM is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the KHM has undertaken the tariff setting process relating to service charges as follows.

1.3.1 PROPOSED TARIFFS

The proposed tariffs are per the tariff structure of KHM.

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy, depending on the market value of the property
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 50 % will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount equal to twice the annual state pension as approved by the National Government for a financial year. In this regard the following stipulations are relevant:
 - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependants without income;

- The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
 - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
 - The property must be categorized as residential.
- The Municipality may award a 100 per cent grant-in-aid on the assessment rates of rateable properties of certain classes such as registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

1.3.2 Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with electricity, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

Better maintenance of infrastructure and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability.

The tariff structure of the 2019 / 2020 financial year has not been changed. The tariff structure is designed to charge higher levels of consumption at a higher rate. A drought tariff has been implemented when the municipality is facing water supply challenges due to drought. This will ultimately just effect consumers whose consumption per month exceeds 50 kl.

1.3.3 Sale of Electricity and Impact of Tariff Increases

NERSA has announced the revised bulk electricity pricing structure.

Considering the Eskom increases, the consumer tariff had to be increased by 13.07 per cent to offset the additional bulk purchase cost from 1 July 2018.

Registered indigents will again be granted 50 kWh per 30-day period free of charge.

It should further be noted that NERSA has advised that a stepped tariff structure needs to be implemented from 1 July 2018. The effect thereof will be that the higher the consumption, the higher the cost per kWh. The aim is to subsidise the lower consumption users (mostly the poor). The KHM has entered into discussions with NERSA regarding the suitability of the NERSA proposed stepped tariffs compared to those already being implemented by the KHM. Until the discussions are concluded, the KHM will maintain the current structure of its electricity tariffs.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the KHM. Most of the suburbs and inner KHM reticulation network was designed or strengthened in the early 1980's with an expected 20-25 year life-expectancy. The upgrading of the Fraserburg electricity network has therefore become a strategic priority, especially the substations and transmission lines.

The approved budget for the Electricity Division can only be utilized for certain committed upgrade projects and to strengthen critical infrastructure (e.g. substations without back-up supply). It is estimated that special funding for electricity bulk infrastructure to the amount of R12 million over five years will be necessary to steer the KHM out of this predicament.

1.3.4 Sanitation and Impact of Tariff Increases

A tariff increase of 5.4 % for sanitation from 1 July 2019 is proposed. This is based on the input cost assumptions related to water. It should be noted that electricity costs contributes approximately 5 % of waste water treatment input costs, therefore the higher than CPI is actually needed as an increase for sanitation tariffs.

1.3.5 Waste Removal and Impact of Tariff Increases

A 5.4 percent increase in the waste removal tariff is proposed from 1 July 2019. This is due to the above inflation rate increase in fuel costs.

1.3.6 Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills will be between 10 and 11 % mainly due to electricity tariff increases.

Table 3 MBRR Table SA14 – Household bill

Choose name from list - Supporting Table SA14 Household bills

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20 % incr.	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		630,77	678,71	726,22	764,71	764,71	764,71	5,4%	806,00	849,53	895,40
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		1 720,00	1 851,41	1 886,21	2 015,23	2 015,23	2 015,23	13,9%	2 294,74	2 418,66	2 549,27
Water: Basic levy		64,14	69,01	73,85	80,12	80,12	80,12	5,4%	84,45	89,01	93,82
Water: Consumption		160,71	172,92	185,03	200,76	200,76	200,76	9,5%	219,83	231,70	244,21
Sanitation		102,82	110,63	118,38	125,48	125,48	125,48	5,4%	132,26	139,40	146,93
Refuse removal		95,40	102,65	109,84	116,43	116,43	116,43	5,4%	122,71	129,34	136,32
Other											
sub-total		2 773,84	2 985,34	3 099,52	3 302,73	3 302,73	3 302,73	10,8%	3 659,99	3 857,63	4 065,95
VAT on Services		300,02	322,93	332,26	380,70	380,70	380,70		428,09	451,21	475,58
Total large household bill:		3 073,86	3 308,27	3 431,78	3 683,43	3 683,43	3 683,43	11,0%	4 088,08	4 308,84	4 541,53
% increase/decrease			7,6%	3,7%	7,3%	–	–		11,0%	5,4%	5,4%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		446,60	480,54	514,18	506,01	506,01	506,01	5,4%	533,33	562,13	592,49
Electricity: Basic levy		–	–	–	–	–	–	–	–	–	–
Electricity: Consumption		860,00	925,70	943,11	989,02	989,02	989,02	13,9%	1 126,20	1 187,01	1 251,11
Water: Basic levy		64,14	69,01	73,85	74,88	74,88	74,88	5,4%	78,92	83,19	87,68
Water: Consumption		131,36	141,34	151,24	153,36	153,36	153,36	9,5%	167,93	176,99	186,55
Sanitation		102,08	109,84	117,53	116,43	116,43	116,43	5,4%	122,72	129,34	136,33
Refuse removal		95,40	102,65	109,84	108,81	108,81	108,81	5,4%	114,69	120,88	127,41
Other											
sub-total		1 699,58	1 829,09	1 909,73	1 948,51	1 948,51	1 948,51	10,0%	2 143,79	2 259,55	2 381,57
VAT on Services		175,41	188,80	195,38	216,38	216,38	216,38		241,57	254,61	268,36
Total small household bill:		1 874,99	2 017,89	2 105,11	2 164,89	2 164,89	2 164,89	10,2%	2 385,36	2 514,16	2 649,93
% increase/decrease			7,6%	4,3%	2,8%	–	–		10,2%	5,4%	5,4%

1.4 OPERATING EXPENDITURE FRAMEWORK

The KHM's expenditure framework for the 2019 / 2020 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programme is aligned to streets, water and sport facilities
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan no budget*. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2019 / 2020 budget and MTREF (classified per main type of operating expenditure):

Table 4 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	18 013	20 120	21 463	25 753	25 923	25 923	25 923	27 074	28 536	30 077
Remuneration of councillors		2 139	2 129	2 524	2 668	2 668	2 668	2 668	2 674	2 819	2 971
Debt impairment	3	2 417	4 558	1 926	2 468	2 468	2 468	2 468	2 915	3 072	3 238
Depreciation & asset impairment	2	7 238	7 202	8 864	400	400	400	400	7 500	7 500	7 500
Finance charges		1 447	1 274	1 232	231	231	231	231	244	257	271
Bulk purchases	2	7 886	8 182	8 133	8 113	8 528	8 528	8 528	9 424	9 933	10 469
Other materials	8		1 779	1 166	1 361	1 310	1 310	1 310	1 188	1 252	1 320
Contracted services		–	–	–	1 106	8 560	8 560	8 560	5 000	5 270	5 554
Transfers and subsidies		–	–	–	–	216	216	216	539	568	599
Other expenditure	4, 5	10 128	14 036	12 982	12 075	8 020	8 020	8 020	9 567	10 084	10 628
Loss on disposal of PPE		2	143	227							
Total Expenditure		49 271	59 423	58 518	54 175	58 324	58 324	58 324	66 125	69 291	72 627
Surplus/(Deficit)		(3 320)	(9 341)	(8 880)	55	55	55	55	(7 037)	(6 132)	(5 622)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 133	9 414	21 145	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Education and Training)											
Transfers and subsidies - capital (in-kind - all)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920
Taxation											
Surplus/(Deficit) after taxation		2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920

BEGROTING 2019/20

Choose name from list - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue - Functional										
<i>Governance and administration</i>		34 428	40 862	49 367	78 323	82 679	82 679	17 151	16 586	18 469
Executive and council		11 226	19 175	22 958	44 073	49 132	49 132	11 628	12 256	12 918
Finance and administration		23 202	21 687	26 409	34 250	33 547	33 547	5 523	4 331	5 552
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		2 480	2 541	2 628	2 431	2 233	2 233	1 490	1 570	1 655
Community and social services		2 480	2 541	2 628	2 431	2 233	2 233	1 488	1 569	1 653
Sport and recreation		-	-	-	-	-	-	2	2	2
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		15 176	16 093	18 819	17 496	14 487	14 487	75 535	58 276	61 423
Energy sources		8 800	8 772	10 143	9 892	6 883	6 883	20 681	21 797	22 975
Water management		2 350	2 880	3 291	2 835	2 835	2 835	36 546	17 182	18 110
Waste water management		2 305	2 635	3 072	2 669	2 669	2 669	9 454	9 964	10 502
Waste management		1 722	1 806	2 313	2 100	2 100	2 100	8 854	9 332	9 836
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	52 084	59 496	70 814	98 250	99 399	99 399	94 175	76 433	81 547
Expenditure - Functional										
<i>Governance and administration</i>		17 554	17 723	8 896	26 852	28 691	28 635	29 451	31 020	32 674
Executive and council		2 139	2 129	2 779	2 571	2 668	2 668	12 138	12 772	13 440
Finance and administration		15 414	15 594	6 117	24 281	26 023	25 967	17 313	18 248	19 233
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1 745	1 807	1 862	2 093	2 093	2 149	2 368	2 496	2 630
Community and social services		785	832	882	935	935	991	1 684	1 774	1 870
Sport and recreation		960	975	980	1 158	1 158	1 158	684	721	760
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5 054	6 747	4 811	4 693	4 671	4 671	11 731	11 981	12 244
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		5 054	6 747	4 811	4 693	4 671	4 671	11 731	11 981	12 244
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		24 919	33 147	42 949	20 537	22 868	22 869	22 575	23 794	25 079
Energy sources		11 966	13 896	11 964	12 276	12 255	12 255	12 978	13 679	14 417
Water management		7 224	10 571	22 371	5 125	5 125	5 125	3 846	4 054	4 273
Waste water management		1 184	1 255	1 331	1 410	1 410	1 410	3 312	3 491	3 680
Waste management		4 545	7 424	7 282	1 725	4 077	4 077	2 439	2 571	2 709
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	49 271	59 423	58 518	54 175	58 324	58 324	66 125	69 291	72 627
Surplus/(Deficit) for the year		2 813	73	12 295	44 075	41 075	41 075	28 051	7 142	8 920

The budgeted allocation for employee related costs for the 2019/ 2020 financial year totals R 27.1 million, which equals 46 % of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a percentage increase of 6.5.% for the 2019 / 2020 financial year. An annual increase of 5.4 % and 5.4 % has been included in the two outer years of the MTREF as per Circular 94.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the KHM's budget.

The provision of debt impairment was determined based on an annual collection rate of 87 per cent and the Debt Write-off Policy of the KHM. For the 2019 / 2020 financial year this amount equates to R2.9 million and escalates to R3.2 million by 2021/22. While this expenditure is

considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard should have been a total of R7 million for the 2019 / 2020 financial year. Note that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. This has resulted in a significant increase in depreciation relative to previous years.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Table 64 MBRR SA1 (see page 100).

The following graph gives a breakdown of the main expenditure categories for the 2019 / 2020 financial year.

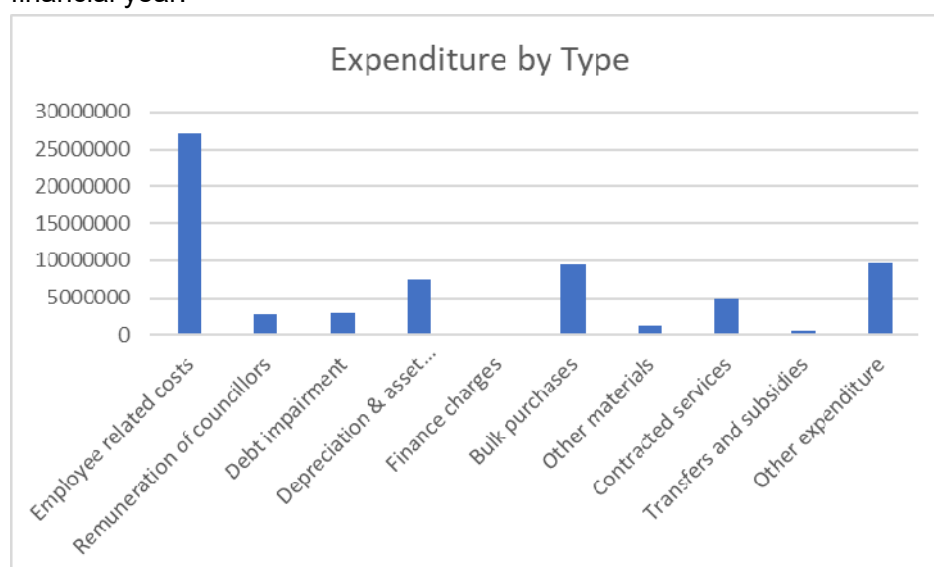


Figure 1 Main operational expenditure categories for the 2019 / 2020 financial year

1.4.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the KHM's current infrastructure, the 2019 / 2020 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the KHM. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

For the 2019 / 2020 financial year, only R1.2 Mil will be spent on maintenance of infrastructure assets. This is still considered to be insufficient to maintain the assets adequately due to backlog maintenance

1.4.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the KHM's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.5 CAPITAL EXPENDITURE

Due to financial constraints, it was not possible to provide funding for capital projects from our own sources. Only four projects could be included which are funded from National Grants.:

Electricity Network Fraserburg	R 2 000 000
Sutherland Water Network	R 8 087 000
Fraserburg and Williston Streetlights	R 5 000 000
Williston Bulk Water	R 20 000 000
Total	R 35 087 000

1.6 ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's

2019 / 2020 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the facing page.

Table 5 MBRR Table A1 - Budget Summary

Choose name from list - Table A1 Budget Summary

Description	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Financial Performance										
Property rates	5 326	5 799	6 492	6 574	6 574	6 574	6 574	7 147	7 533	7 940
Service charges	15 178	16 237	16 407	17 440	17 487	17 487	17 487	19 259	20 299	21 396
Investment revenue	252	348	317	403	403	403	403	309	325	343
Transfers recognised - operational	21 194	23 759	22 961	23 918	26 526	26 526	26 526	26 434	28 741	30 729
Other own revenue	4 002	3 940	3 461	5 895	7 389	7 389	7 389	5 939	6 260	6 598
Total Revenue (excluding capital transfers and contributions)	45 951	50 082	49 638	54 230	58 379	58 379	58 379	59 088	63 159	67 005
Employee costs	18 013	20 120	21 463	25 753	25 923	25 923	25 923	27 074	28 536	30 077
Remuneration of councillors	2 139	2 129	2 524	2 668	2 668	2 668	2 668	2 674	2 819	2 971
Depreciation & asset impairment	7 238	7 202	8 864	400	400	400	400	7 500	7 500	7 500
Finance charges	1 447	1 274	1 232	231	231	231	231	244	257	271
Materials and bulk purchases	7 886	9 961	9 299	9 474	9 838	9 838	9 838	10 612	11 185	11 789
Transfers and grants	-	-	-	-	216	216	216	539	568	599
Other expenditure	12 547	18 737	15 136	15 648	19 048	19 048	19 048	17 482	18 426	19 420
Total Expenditure	49 271	59 423	58 518	54 175	58 324	58 324	58 324	66 125	69 291	72 627
Surplus/(Deficit)	(3 320)	(9 341)	(8 880)	55	55	55	55	(7 037)	(6 132)	(5 622)
Transfers and subsidies - capital (monetary allocation)	6 133	9 414	21 145	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Contributions recognised - capital & contributed assets	-	-	30	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920
Capital expenditure & funds sources										
Capital expenditure	7 422	11 240	23 929	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Transfers recognised - capital	6 677	10 150	20 874	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	744	1 090	3 055	-	-	-	-	-	-	-
Total sources of capital funds	7 422	11 240	23 929	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Financial position										
Total current assets	10 902	8 306	10 609	10 248	10 248	10 248	10 248	12 434	13 161	13 930
Total non current assets	203 748	221 372	235 609	274 212	274 212	274 212	274 212	266 601	266 840	281 619
Total current liabilities	41 135	10 326	23 347	6 947	6 947	6 947	6 947	8 211	8 623	9 057
Total non current liabilities	14 438	56 461	47 405	3 144	3 144	3 144	3 144	58 429	61 272	64 268
Community wealth/Equity	159 078	162 891	175 466	274 370	274 370	274 370	274 370	212 395	210 106	222 224
Cash flows										
Net cash from (used) operating	11 542	8 896	23 549	46 943	44 159	44 159	44 159	38 465	17 714	19 658
Net cash from (used) investing	(7 878)	(11 829)	(24 021)	(44 020)	(41 020)	(41 020)	(41 020)	(35 087)	(13 274)	(14 542)
Net cash from (used) financing	-	(50)	(634)	(279)	(279)	(279)	(279)	(303)	(303)	(303)
Cash/cash equivalents at the year end	6 577	3 520	2 414	3 933	4 110	4 110	4 110	5 490	9 627	14 440
Cash backing/surplus reconciliation										
Cash and investments available	6 503	3 520	2 414	1 318	1 318	1 318	1 318	2 479	2 613	2 754
Application of cash and investments	7 070	5 684	5 023	(8 486)	(8 445)	(8 445)	(8 445)	(7 357)	(7 805)	(8 280)
Balance - surplus (shortfall)	(567)	(2 164)	(2 609)	9 804	9 763	9 763	9 763	9 836	10 418	11 034
Asset management										
Asset register summary (WDV)	203 673	211 151	227 058	270 271	270 271	270 271	270 271	262 423	262 436	276 978
Depreciation	7 238	7 203	8 864	400	400	400	400	7 500	7 500	7 500
Renewal and Upgrading of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	1 779	1 166	1 341	1 341	1 341	1 341	1 536	1 801	1 982
Free services										
Cost of Free Basic Services provided	-	-	3 006	4 043	4 043	4 043	3 917	3 917	4 128	4 351
Revenue cost of free services provided	-	-	505	4 240	4 240	4 240	1 582	1 582	1 667	1 757
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the KHM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds is financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2019/20, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase.

Table 6 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Choose name from list - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
Revenue - Functional											
Governance and administration		34 428	40 862	49 367	78 323	82 679	82 679	17 151	16 586	18 469	
Executive and council		11 226	19 175	22 958	44 073	49 132	49 132	11 628	12 256	12 918	
Finance and administration		23 202	21 687	26 409	34 250	33 547	33 547	5 523	4 331	5 552	
Internal audit		-	-	-	-	-	-	-	-	-	
Community and public safety		2 480	2 541	2 628	2 431	2 233	2 233	1 490	1 570	1 655	
Community and social services		2 480	2 541	2 628	2 431	2 233	2 233	1 488	1 569	1 653	
Sport and recreation		-	-	-	-	-	-	2	2	2	
Public safety		-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	
Economic and environmental services		-	-	-	-	-	-	-	-	-	
Planning and development		-	-	-	-	-	-	-	-	-	
Road transport		-	-	-	-	-	-	-	-	-	
Environmental protection		-	-	-	-	-	-	-	-	-	
Trading services		15 176	16 093	18 819	17 496	14 487	14 487	75 535	58 276	61 423	
Energy sources		8 800	8 772	10 143	9 892	6 883	6 883	20 681	21 797	22 975	
Water management		2 350	2 880	3 291	2 835	2 835	2 835	36 546	17 182	18 110	
Waste water management		2 305	2 635	3 072	2 669	2 669	2 669	9 454	9 964	10 502	
Waste management		1 722	1 806	2 313	2 100	2 100	2 100	8 854	9 332	9 836	
Other	4	-	-	-	-	-	-	-	-	-	
Total Revenue - Functional	2	52 084	59 496	70 814	98 250	99 399	99 399	94 175	76 433	81 547	
Expenditure - Functional											
Governance and administration		17 554	17 723	8 896	26 852	28 691	28 635	29 451	31 020	32 674	
Executive and council		2 139	2 129	2 779	2 571	2 668	2 668	12 138	12 772	13 440	
Finance and administration		15 414	15 594	6 117	24 281	26 023	25 967	17 313	18 248	19 233	
Internal audit		-	-	-	-	-	-	-	-	-	
Community and public safety		1 745	1 807	1 862	2 093	2 093	2 149	2 368	2 496	2 630	
Community and social services		785	832	882	935	935	991	1 684	1 774	1 870	
Sport and recreation		960	975	980	1 158	1 158	1 158	684	721	760	
Public safety		-	-	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	
Health		-	-	-	-	-	-	-	-	-	
Economic and environmental services		5 054	6 747	4 811	4 693	4 671	4 671	11 731	11 981	12 244	
Planning and development		-	-	-	-	-	-	-	-	-	
Road transport		5 054	6 747	4 811	4 693	4 671	4 671	11 731	11 981	12 244	
Environmental protection		-	-	-	-	-	-	-	-	-	
Trading services		24 919	33 147	42 949	20 537	22 868	22 869	22 575	23 794	25 079	
Energy sources		11 966	13 896	11 964	12 276	12 255	12 255	12 978	13 679	14 417	
Water management		7 224	10 571	22 371	5 125	5 125	5 125	3 846	4 054	4 273	
Waste water management		1 184	1 255	1 331	1 410	1 410	1 410	3 312	3 491	3 680	
Waste management		4 545	7 424	7 282	1 725	4 077	4 077	2 439	2 571	2 709	
Other	4	-	-	-	-	-	-	-	-	-	
Total Expenditure - Functional	3	49 271	59 423	58 518	54 175	58 324	58 324	66 125	69 291	72 627	
Surplus/(Deficit) for the year		2 813	73	12 295	44 075	41 075	41 075	28 051	7 142	8 920	

Table 7 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Choose name from list - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Revenue by Vote	1									
Council		9 178	17 478	20 713	41 317	44 777	44 777	2 052	2 163	2 280
Finance		17 876	15 873	20 468	26 918	26 526	26 526	4 741	3 507	4 683
Rates		5 326	5 814	5 941	6 574	6 574	6 574	9 427	9 936	10 473
Municipal Manager		2 048	1 697	2 245	3 514	4 832	4 832	149	157	165
Refuse		1 724	2 046	2 313	2 100	2 100	2 100	8 854	9 332	9 836
Libraries		1 713	1 743	1 667	1 697	1 467	1 467	1 454	1 532	1 615
Commonage		-	-	-	-	-	-	782	824	868
Townhall & Buildings		767	798	961	734	736	736	24	26	27
Cemeteries		-	-	-	-	-	-	10	11	11
Parks trees and recreation		-	-	-	-	-	-	2	2	2
Health		-	-	-	-	-	-	-	-	-
Streets and Public Works		-	-	-	-	-	-	-	-	-
Electricity		8 800	8 772	10 143	9 892	6 883	6 883	20 681	21 797	22 975
Water		2 350	2 880	3 291	2 835	2 835	2 835	36 546	17 182	18 110
Sanitation		2 303	2 395	3 072	2 669	2 669	2 669	9 454	9 964	10 502
Total Revenue by Vote	2	52 084	59 496	70 814	98 250	99 399	99 399	94 175	76 433	81 547
Expenditure by Vote to be appropriated	1									
Council		2 139	2 129	2 779	2 571	2 668	2 668	4 512	4 756	5 012
Finance		21 547	25 008	27 262	28 107	29 849	29 793	15 861	16 695	17 575
Rates		-	-	-	-	-	-	768	809	853
Municipal Manager		-	-	-	-	-	-	6 837	7 207	7 596
Refuse		4 543	6 209	4 246	4 099	4 077	4 077	2 439	2 571	2 709
Libraries		785	832	882	935	935	991	1 446	1 524	1 606
Commonage		960	975	980	1 158	1 158	1 158	1 474	1 553	1 637
Townhall & Buildings		-	-	-	-	-	-	237	249	263
Cemeteries		-	-	-	-	-	-	1	1	1
Parks trees and recreation		-	-	-	-	-	-	684	721	760
Health		-	-	-	-	-	-	-	-	-
Streets and Public Works		5 054	7 962	7 847	2 319	4 671	4 671	11 731	11 981	12 244
Electricity		11 966	13 896	11 964	12 276	12 255	12 255	12 978	13 679	14 417
Water		1 091	1 157	1 226	1 299	1 299	1 299	3 846	4 054	4 273
Sanitation		1 186	1 255	1 331	1 410	1 410	1 410	3 312	3 491	3 680
Total Expenditure by Vote	2	49 271	59 423	58 518	54 175	58 324	58 324	66 125	69 291	72 627
Surplus/(Deficit) for the year	2	2 813	73	12 295	44 075	41 075	41 075	28 051	7 142	8 920

Table 8 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

NC066 Karoo Hoogland - Table A4 Budgeted Financial Performance (revenue and expenditure)

NC006 Kaibo Huoguang - Table A4 Budgeted Financial Performance (Revenue and Expenditure)											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue By Source											
Property rates	2	5 326	5 799	6 492	6 574	6 574	6 574	6 574	7 147	7 533	7 940
Service charges - electricity revenue	2	8 800	8 768	8 838	9 855	9 902	9 902	9 902	10 443	11 007	11 601
Service charges - water revenue	2	2 350	2 780	2 910	2 820	2 820	2 820	2 820	3 215	3 389	3 572
Service charges - sanitation revenue	2	2 305	2 643	2 640	2 667	2 667	2 667	2 667	3 173	3 344	3 525
Service charges - refuse revenue	2	1 724	2 046	2 019	2 098	2 098	2 098	2 098	2 429	2 560	2 698
Rental of facilities and equipment		765	808	846	747	736	736	736	739	779	821
Interest earned - external investments		252	348	317	403	403	403	403	309	325	343
Interest earned - outstanding debtors		904	1 254	1 569	1 620	1 802	1 802	1 802	2 716	2 862	3 017
Dividends received			-		-	-	-	-	-	-	-
Fines, penalties and forfeits		6	4	2	10	19	19	19	29	30	32
Licences and permits		-	-	-	-	-	-	-	-	-	-
Agency services		276	315	308	294	-	-	-	75	79	83
Transfers and subsidies		21 194	23 759	22 961	23 918	26 526	26 526	26 526	26 434	28 741	30 729
Other revenue	2	2 050	1 559	737	3 224	4 832	4 832	4 832	2 381	2 509	2 645
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		45 951	50 082	49 638	54 230	58 379	58 379	58 379	59 088	63 159	67 005
Expenditure By Type											
Employee related costs	2	18 013	20 120	21 463	25 753	25 923	25 923	25 923	27 074	28 536	30 077
Remuneration of councillors		2 139	2 129	2 524	2 668	2 668	2 668	2 668	2 674	2 819	2 971
Debt impairment	3	2 417	4 558	1 926	2 468	2 468	2 468	2 468	2 915	3 072	3 238
Depreciation & asset impairment	2	7 238	7 202	8 864	400	400	400	400	7 500	7 500	7 500
Finance charges		1 447	1 274	1 232	231	231	231	231	244	257	271
Bulk purchases	2	7 886	8 182	8 133	8 113	8 528	8 528	8 528	9 424	9 933	10 469
Other materials	8		1 779	1 166	1 361	1 310	1 310	1 310	1 188	1 252	1 320
Contracted services		-	-	-	1 106	8 560	8 560	8 560	5 000	5 270	5 554
Transfers and subsidies		-	-	-	-	216	216	216	539	568	599
Other expenditure	4, 5	10 128	14 036	12 982	12 075	8 020	8 020	8 020	9 567	10 084	10 628
Loss on disposal of PPE		2	143	227							
Total Expenditure		49 271	59 423	58 518	54 175	58 324	58 324	58 324	66 125	69 291	72 627
Surplus/(Deficit)		(3 320)	(9 341)	(8 880)	55	55	55	55	(7 037)	(6 132)	(5 622)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		6 133	9 414	21 145	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher											
Transfers and subsidies - capital (in-kind - all)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920
Taxation											
Surplus/(Deficit) after taxation		2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		2 813	73	12 295	44 075	41 075	41 075	41 075	28 051	7 142	8 920

Table 9 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Functional											
<i>Governance and administration</i>		389	2 784	1 864	-	-	-	-	-	-	-
Executive and council		6	104	82							
Finance and administration		384	2 680	1 782							
Internal audit											
<i>Community and public safety</i>		129	1 275	4 620	-	-	-	-	-	-	-
Community and social services		129	190	4 620							
Sport and recreation			1 085								
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		-	714	625	2 406	2 406	2 406	2 406	-	-	-
Planning and development											
Road transport			714	625	2 406	2 406	2 406	2 406			
Environmental protection											
<i>Trading services</i>		6 904	6 467	16 821	41 614	38 614	38 614	38 614	35 087	13 274	14 542
Energy sources		835	1 486	2 384	4 000	1 000	1 000	1 000	7 000	5 000	6 000
Water management		6 069	4 215	13 246	37 614	37 614	37 614	37 614	28 087	8 274	8 542
Waste water management			767								
Waste management				1 191							
<i>Other</i>											
Total Capital Expenditure - Functional	3	7 422	11 240	23 929	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Funded by:											
National Government		6 549	9 961	20 874	17 020	14 020	14 020	14 020	35 087	13 274	14 542
Provincial Government		129	190		27 000	27 000	27 000	27 000			
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	6 677	10 150	20 874	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Borrowing	6										
Internally generated funds		744	1 090	3 055							
Total Capital Funding	7	7 422	11 240	23 929	44 020	41 020	41 020	41 020	35 087	13 274	14 542

Table 10 MBRR Table A6 - Budgeted Financial Position

NC066 Karoo Hoogland - Table A6 Budgeted Financial Position

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
ASSETS												
Current assets												
Cash			6 503	3 520	2 414	1 318	1 318	1 318	1 318	2 479	2 613	2 754
Call investment deposits	1		–	–	–	–	–	–	–	–	–	–
Consumer debtors	1		3 957	2 449	5 599	8 628	8 628	8 628	8 628	9 146	9 695	10 276
Other debtors			427	2 062	2 422	302	302	302	302	810	853	899
Current portion of long-term receivables												
Inv entory	2		15	275	174							
Total current assets			10 902	8 306	10 609	10 248	10 248	10 248	10 248	12 434	13 161	13 930
Non current assets												
Long-term receivables			49	36	114	3 941	3 941	3 941	3 941	4 177	4 403	4 641
Inv estments												
Inv estment property			29 297	33 555	33 281	37 436	37 436	37 436	37 436	37 436	37 436	37 436
Inv estment in Associate												
Property , plant and equipment	3		173 637	174 538	189 103	232 037	232 037	232 037	232 037	224 189	224 202	238 744
Biological												
Intangible			739	3 058	4 675	798	798	798	798	798	798	798
Other non-current assets			27	10 186	8 437							
Total non current assets			203 748	221 372	235 609	274 212	274 212	274 212	274 212	266 601	266 840	281 619
TOTAL ASSETS			214 651	229 679	246 218	284 461	284 461	284 461	284 461	279 035	280 001	295 549
LIABILITIES												
Current liabilities												
Bank overdraft	1											
Borrowing	4		347	446	391	270	270	270	270	303	303	303
Consumer deposits			168	283	201	335	335	335	335	354	358	362
Trade and other payables	4		10 754	9 199	11 005	3 689	3 689	3 689	3 689	5 589	5 891	6 209
Provisions			29 867	398	11 750	2 654	2 654	2 654	2 654	1 965	2 071	2 183
Total current liabilities			41 135	10 326	23 347	6 947	6 947	6 947	6 947	8 211	8 623	9 057
Non current liabilities												
Borrowing			2 405	2 374	1 983	1 879	1 879	1 879	1 879	1 667	1 444	1 210
Provisions			12 033	54 087	45 422	1 265	1 265	1 265	1 265	56 762	59 827	63 058
Total non current liabilities			14 438	56 461	47 405	3 144	3 144	3 144	3 144	58 429	61 272	64 268
TOTAL LIABILITIES			55 573	66 787	70 752	10 091	10 091	10 091	10 091	66 640	69 894	73 325
NET ASSETS			159 078	162 891	175 466	274 370	274 370	274 370	274 370	212 395	210 106	222 224
COMMUNITY WEALTH/EQUITY												
Accumulated Surplus/(Deficit)			159 078	162 891	175 466	274 370	274 370	274 370	274 370	212 395	210 106	222 224
Reserves	4		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY			159 078	162 891	175 466	274 370	274 370	274 370	274 370	212 395	210 106	222 224

Table 11 MBRR Table A7 - Budgeted Cash Flow Statement

NC066 Karoo Hoogland - Table A7 Budgeted Cash Flows

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			5 328	5 815	5 640	6 574	6 574	6 574	6 574	7 147	7 533	7 940
Service charges			14 789	14 258	14 055	17 453	17 487	17 487	17 487	19 259	20 299	21 396
Other revenue			252	7	(309)	4 262	5 587	5 587	5 587	3 224	3 398	3 581
Government - operating		1	21 602	23 927	22 961	23 918	26 525	26 525	26 525	26 434	28 741	30 729
Government - capital		1	6 133	9 414	21 831	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Interest			1 178	1 602	1 886	2 023	2 205	2 205	2 205	3 024	3 188	3 360
Dividends										-	-	-
Payments												
Suppliers and employees			(37 166)	(45 921)	(42 507)	(51 076)	(55 007)	(55 007)	(55 007)	(54 927)	(57 893)	(61 019)
Finance charges			(575)	(205)	(8)	(231)	(231)	(231)	(231)	(244)	(257)	(271)
Transfers and Grants		1								(539)	(568)	(599)
NET CASH FROM/(USED) OPERATING ACTIVITIES			11 542	8 896	23 549	46 943	44 159	44 159	44 159	38 465	17 714	19 658
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE				(589)	(92)					-	-	-
Decrease (increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			(7 878)	(11 240)	(23 929)	(44 020)	(41 020)	(41 020)	(41 020)	(35 087)	(13 274)	(14 542)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(7 878)	(11 829)	(24 021)	(44 020)	(41 020)	(41 020)	(41 020)	(35 087)	(13 274)	(14 542)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits				116	(83)					-	-	-
Payments												
Repayment of borrowing				(165)	(552)	(279)	(279)	(279)	(279)	(303)	(303)	(303)
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(50)	(634)	(279)	(279)	(279)	(279)	(303)	(303)	(303)
NET INCREASE/ (DECREASE) IN CASH HELD			3 664	(2 983)	(1 106)	2 644	2 860	2 860	2 860	3 075	4 137	4 813
Cash/cash equivalents at the year begin:		2	2 913	6 503	3 520	1 289	1 250	1 250	1 250	2 415	5 490	9 627
Cash/cash equivalents at the year end:		2	6 577	3 520	2 414	3 933	4 110	4 110	4 110	5 490	9 627	14 444

Table 12 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

NC066 Karoo Hoogland - Table A8 Cash backed reserves/accumulated surplus reconciliation

NC0060 Karoo Hoofstad - Table A6 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	6 577	3 520	2 414	3 933	4 110	4 110	4 110	5 490	9 627	14 440
Other current investments > 90 days		(73)	-	(0)	(2 616)	(2 793)	(2 793)	(2 793)	(3 011)	(7 015)	(11 686)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		6 503	3 520	2 414	1 318	1 318	1 318	1 318	2 479	2 613	2 754
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2										
Other working capital requirements	3	7 070	5 684	5 023	(8 486)	(8 445)	(8 445)	(8 445)	(7 357)	(7 805)	(8 280)
Other provisions											
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		7 070	5 684	5 023	(8 486)	(8 445)	(8 445)	(8 445)	(7 357)	(7 805)	(8 280)
Surplus(shortfall)		(567)	(2 164)	(2 609)	9 804	9 763	9 763	9 763	9 836	10 418	11 034

Table 13 MBRR Table A10 - Basic Service Delivery Measurement

NC066 Karoo Hoogland - Table A10 Basic service delivery measurement

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Household service targets	1									
Water:										
Piped water inside dwelling		1 855	1 855	1 855	1 855	1 855	1 855	1 855	1 855	1 855
Piped water inside yard (but not in dwelling)		452	452	452	452	452	452	452	452	452
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		686	686	686	686	686	686	686	686	686
Flush toilet (with septic tank)		791	791	791	791	791	791	791	791	791
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		830	830	830	830	830	830	830	830	830
<i>Minimum Service Level and Above sub-total</i>		2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307
Energy:										
Electricity (at least min.service level)		180	180	180	180	180	180	180	180	180
Electricity - prepaid (min.service level)		1 155	1 155	1 155	1 155	1 155	1 155	1 155	1 155	1 155
<i>Minimum Service Level and Above sub-total</i>		1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335	1 335
Refuse:										
Removed at least once a week		2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307
<i>Minimum Service Level and Above sub-total</i>		2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307	2 307
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		745	745	745	880	880	880	900	900	900
Sanitation (free minimum level service)		745	745	745	880	880	880	900	900	900
Electricity/other energy (50kwh per household per month)		580	580	580	600	600	600	620	620	620
Refuse (removed at least once a week)		745	745	745	880	880	880	900	900	900
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	745	1 119	1 119	1 119	1 057	1 114	1 174
Sanitation (free sanitation service to indigent households)		-	-	980	1 265	1 265	1 265	1 179	1 243	1 310
Electricity/other energy (50kwh per indigent household per month)		-	-	401	541	541	541	598	631	665
Refuse (removed once a week for indigent households)		-	-	880	1 118	1 118	1 118	1 083	1 141	1 203
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	3 006	4 043	4 043	4 043	3 917	4 128	4 351
Highest level of free service provided per household										
Property rates (R value threshold)		30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000	30 000
Water (kilolitres per household per month)		6	6	6	6	6	6	6	6	6
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	133	140	216
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		-	-	-	-	-	-	123	130	137
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates - exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	505	4 240	4 240	4 240	1 582	1 667	1 757
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided	6	-	-	505	4 240	4 240	4 240	1 582	1 667	1 757

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

Part 2 – Supporting Documentation

1.7 OVERVIEW OF THE ANNUAL BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality.

The primary aims of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices;
- that there is proper alignment between the policy and service delivery priorities set out in the KHM's IDP and the budget, taking into account the need to protect the financial sustainability of municipality;
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

1.7.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2016) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2016. Key dates applicable to the process were:

- **January 2019** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- **January 2019** – Council to consider 2018/19 Mid-year Review;
- **February 2018**- Council approved adjustment budget
- **February 2018** – Public Participation
- **March 2016** - Tabling in Council of the draft 2019 / 2020 IDP and 2019 / 2020 MTREF for public consultation;
- **May 2019** – Public consultation;
- **May 2019** - Closing date for written comments;
- **May 2019** – Budget Approval

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council since January 2019

1.7.2 IDP and Service Delivery and Budget Implementation Plan

The IDP and SDBIP was compiled and submitted to the mayor.

1.7.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2019 / 2020 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2019 / 2020 MTREF:

- KHM growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e inflation, Eskom increases, household debt, migration patterns)
- Performance trends
- The approved 2018/19 budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment levels
- Loan and investment possibilities
- The need for tariff increases versus the ability of the community to pay for services;
- Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

1.7.4 Community Consultation

Various community participation meetings were held during March and May 2019 in all towns.

1.8 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic services and infrastructure which includes, amongst others:
 - Provide electricity;
 - Provide water;
 - Provide sanitation;
 - Provide waste removal;
 - Provide housing;
 - Provide roads and storm water;
 - Provide public transport;
 - Provide KHM planning services; and
 - Maintaining the infrastructure of the KHM.
2. Economic growth and development that leads to sustainable job creation by:

- Ensuring there is a clear structural plan for the KHM;
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure.
- 3.1 Fight poverty and build clean, healthy, safe and sustainable communities:
- Effective implementation of the Indigent Policy;
 - Working with the provincial department of health to provide primary health care services;
 - Extending waste removal services and ensuring effective KHM cleansing;
 - Ensuring all waste water treatment works are operating optimally;
 - Working with strategic partners such as SAPS to address crime;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
 - Promote environmental sustainability by protecting wetlands and key open spaces.
- 3.2 Integrated Social Services for empowered and sustainable communities
- Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele principles in the revenue management strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity in KHM to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

Table 14 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and

NC066 Karoo Hoogland - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Karoo Hoogland - Supporting Table 5A Reconciliation of IDP Strategic Objectives and Budget (Revenue)												
Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
R thousand				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Service Delivery	To enhance sustainable service delivery through infrastructure development			22	112	24						
Local Economic Development	The successful implementation of the LED Strategy Address social challenges that hinder economic development			455	1 016	471						
Financial Viability	The development of a financial plan with strategies to ensure that Karoo Hoogland will be a financial viable entity			50 629	57 389	67 146	98 250	99 399	99 399	94 175	76 433	81 547
Municipal Transformation and Organizational Development	To establish proper administrative and institutional infrastructure to properly regulate the implementation of the IDP				979	111						
Good Governance	To actively involve the public in local government To monitor and evaluate the performance of council in terms of its PMS			976		3 062						
	Community Participation			2	(0)	0						
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	52 084	59 496	70 814	98 250	99 399	99 399	94 175	76 433	81 547

budgeted revenue

Table 15 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

NC066 Karoo Hoogland - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Karoo Hoogland - Supporting Table 3A: Reconciliation of IDP Strategic Objectives and Budget (operating expenditure)													
Strategic Objective	Goal	Goal Code	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22	
R thousand													
Service Delivery	To enhance sustainable service delivery through infrastructure development			15 885	22 970	16 166	16 549	18 324	18 324	66 125	69 291	72 627	
Local Economic Development	The successful implementation of the LED Strategy Address social challenges that hinder economic development												
Financial Viability	The development of a financial plan with strategies to ensure that Karoo Hoogland will be a financially viable entity			11 530	13 322	15 098	12 200	12 200	12 200				
Municipal Transformation and Organizational Development	To establish proper administrative and institutional infrastructure to properly conduct the implementation of the IDP			18 574	19 686	26 551	24 175	26 824	26 800				
Good Governance	To actively involve the public in local government To monitor and evaluate the performance of council in terms of its PMS Community Participation			3 281	3 445	704	1 000	976	1 000				
Allocations to other priorities													
Total Expenditure				1	49 271	59 423	58 519	54 175	58 324	58 324	66 125	69 291	72 627

1.9 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the KHM has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

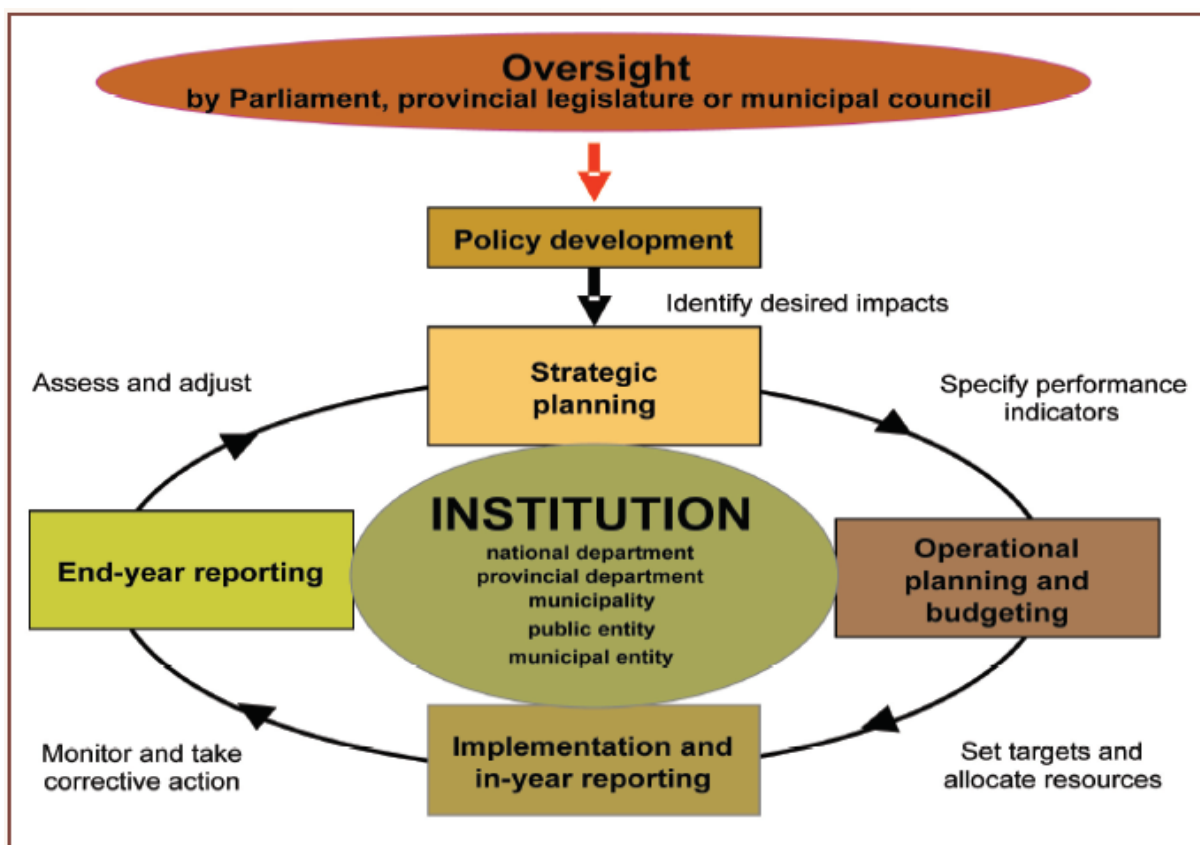


Figure 2 Planning, budgeting and reporting cycle

The performance of the KHM relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The KHM therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitoring and checking on the progress against plan);
- Measurement (indicators of success);
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the KHM in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

Figure 3 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 16 MBRR Table SA7 - Measurable performance objectives

NC066 Karoo Hoogland - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 2 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
Function 2 - (name)										
Sub-function 1 - (name)										
Insert measure/s description										
Sub-function 2 - (name)										
Insert measure/s description										
Sub-function 3 - (name)										
Insert measure/s description										
And so on for the rest of the Votes										

The following table sets out the municipality's main performance objectives and benchmarks for the 2019 / 2020 MTREF.

Table 17 MBRR Table SA8 - Performance indicators and benchmarks

NC066 Karoo Hoogland - Supporting Table SA8 Performance indicators and benchmarks

WC060 Karoo Hoogland - Supporting Table S8a Performance Indicators and Benchmarks											
Description of financial indicator	Basis of calculation	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2,9%	2,4%	3,0%	0,9%	0,9%	0,9%	0,9%	0,8%	0,8%	0,8%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	5,8%	5,5%	6,7%	1,7%	1,6%	1,6%	1,6%	1,7%	1,6%	1,6%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0,3	0,8	0,5	1,5	1,5	1,5	1,5	1,5	1,5	1,5
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0,3	0,8	0,3	0,9	0,9	0,9	0,9	1,0	1,0	1,1
Liquidity Ratio	Monetary Assets/Current Liabilities	0,2	0,3	0,1	0,2	0,2	0,2	0,2	0,3	0,3	0,3
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		98,1%	91,1%	86,0%	100,1%	100,0%	100,0%	100,0%	100,0%	100,0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		98,1%	91,1%	86,0%	100,1%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	9,6%	9,1%	16,4%	23,7%	22,0%	22,0%	22,0%	23,9%	23,7%	23,6%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%	70,0%
Creditors to Cash and Investments		163,5%	261,3%	455,8%	93,8%	89,7%	89,7%	89,7%	101,8%	61,2%	43,0%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW)		1077	1001	411	411	411	411	511	512	500
	Total Cost of Losses (Rand '000)		897	914	392	392	392	392	425	428	440
	% Volume (units purchased and generated less units sold)/units purchased and generated		15	15	14	14	14	14	12	11	9
Water Distribution Losses (2)	Total Volume Losses (kℓ)		25	16	32	32	32	32	30	28	28
	Total Cost of Losses (Rand '000)		131	101	189	189	189	189	200	210	205
	% Volume (units purchased and generated less units sold)/units purchased and generated		10	10	11	11	11	12	12	10	10
Employee costs	Employee costs/(Total Revenue - capital revenue)	39,2%	40,2%	43,2%	47,5%	44,4%	44,4%	44,4%	45,8%	45,2%	44,9%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	42,3%	42,2%	50,0%	52,4%	48,7%	48,7%		50,3%	49,4%	49,1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0,0%	3,6%	2,3%	2,5%	2,3%	2,3%		2,6%	2,9%	3,0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	18,9%	16,9%	20,3%	1,2%	1,1%	1,1%	1,1%	13,1%	12,3%	11,6%
<u>IDP regulation financial viability indicators</u>											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	14,0	10,8	11,6	12,2	12,2	12,2	9,6	9,4	9,4	9,9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	20,6%	19,7%	33,8%	36,1%	36,0%	36,0%	36,0%	36,7%	36,9%	37,1%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	2,2	1,0	0,7	1,0	1,0	1,0	1,0	1,3	2,1	3,0

BEGROTING 2019/20

NC066 Karoo Hoogland - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
<u>Borrowing Management</u>										
<u>Credit Rating</u>										
Capital Charges to Operating Expenditure	2.9%	2.2%	0.6%	0.9%	0.9%	0.9%	0.9%	0.2%	0.2%	0.2%
Capital Charges to Own Revenue	5.8%	4.8%	1.0%	1.7%	1.6%	1.6%	1.6%	0.3%	0.3%	0.3%
Borrowed funding of 'own n' capital expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>										
Gearing	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>										
Current Ratio	0.3	0.8	1.5	1.5	1.5	1.5	1.5	0.2	0.2	0.2
Current Ratio adjusted for aged debtors	0.3	0.8	0.9	0.9	0.9	0.9	0.9	0.1	0.1	0.1
Liquidity Ratio	0.2	0.3	0.2	0.2	0.2	0.2	0.2	0.1	0.0	0.0
<u>Revenue Management</u>										
Annual Debtors Collection Rate (Payment Level %)		98.1%	89.5%	100.0%	99.8%	99.9%	99.9%	99.9%	100.0%	99.9%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)	98.1%	89.5%	100.0%	99.8%	99.9%	99.9%	99.9%	100.0%	99.9%	99.7%
Outstanding Debtors to Revenue	9.6%	9.1%	22.9%	22.5%	22.0%	22.0%	22.0%	20.2%	19.9%	20.0%
Longstanding Debtors Recovered										
<u>Creditors Management</u>										
Creditors System Efficiency		70.0%	70.0%	70.0%	70.0%	70.0%	80.0%	80.0%	85.0%	90.0%
Creditors to Cash and Investments	163.5%	228.5%	-461.6%	93.8%	93.8%	93.8%	93.8%	218.0%	129.4%	77.4%
<u>Other Indicators</u>										
Electricity Distribution Losses (2)		1077	1001	411	411	411	411	511	512	500
		897	914	392	392	392	392	425	428	440
		15	15	14	14	14	14	12	11	9
Water Distribution Losses (2)		25	16	32	32	32	32	30	28	28
		131	101	189	189	189	189	200	210	205
		10	10	11	11	11	12	12	10	10
Employee costs	39.2%	40.0%	41.6%	43.3%	44.4%	44.4%	44.4%	44.3%	43.1%	40.3%
Remuneration	42.3%	42.0%	46.6%	49.6%	48.7%	48.7%		49.9%	48.6%	46.0%
Repairs & Maintenance	0.0%	3.5%	16.8%	2.3%	2.3%	2.3%		2.5%	2.4%	2.3%
Finance charges & Depreciation	18.9%	16.6%	1.3%	1.1%	1.1%	1.1%	1.1%	1.2%	1.2%	1.1%
<u>IDP regulation financial viability indicators</u>										
i. Debt coverage	15.7	14.4	13.2	13.2	13.2	13.2	10.7	10.1	10.1	10.8
ii. O/S Service Debtors to Revenue	20.6%	19.7%	32.9%	36.0%	36.0%	36.0%	36.0%	28.8%	29.1%	30.0%
iii. Cost coverage	2.2	1.1	(0.2)	0.9	0.9	0.9	0.9	1.1	1.7	2.7

1.9.1 Performance indicators and benchmarks

1.9.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Karoo Hoogland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the KHM's debt portfolio is dominated by annuity loans.

Safety of Capital

- *The debt-to-equity ratio* is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets. The indicator is based on the total of loans, creditors, over-draft and tax provisions as a percentage of funds and reserves.
- *The gearing ratio* is a measure of the total long term borrowings over funds and reserves.

1.9.1.2 Liquidity

- *Current ratio* is a measure of the current assets divided by the current liabilities and as a benchmark the KHM has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2018 / 2019 MTREF the current ratio is 1.0 in the 2019/20 financial year and for the two outer years of the MTREF it is 1.0. Going forward it will be necessary to maintain these levels.
- *The liquidity ratio* is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2018/19 financial year the ratio was 0.3 and as part of the financial planning strategy it has been decreased to 0.2 in the 2019/20 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the KHM. As part of the longer-term financial planning objectives this ratio will have to be set at a minimum of 1.

1.9.1.3 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

1.9.1.4 Creditors Management

- The KHM has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the KHM, which is expected to benefit the KHM in the form of more competitive pricing of tenders, as suppliers compete for the KHM's business.

1.9.1.5 Other Indicators

- The electricity distribution losses remain at more than 9%, this is mainly due to the outdated infrastructure in Fraserburg and electricity theft.
- The water distribution losses are in line with the norm allowed.
- Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the high increase in bulk purchases which directly increase revenue levels, as well as increased allocation relating to operating grants and transfers. The percentage however is considered to be out of bounds.
- Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation. In real terms, repairs and maintenance has increased as part of the KHM's strategy to ensure the management of its asset base.

1.9.2 Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the KHM. With the exception of water, only registered indigents qualify for the free basic services.

For the 2019/20 financial year 830 registered indigents have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to 6kl free water, 50 kwh of electricity, and free refuse, sanitation and discount on their property rates.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement) on page 38.

1.9.3 Providing clean water and managing waste water

The KHM is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. All water is generated from the KHM's own water sources, such as boreholes and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and waste water treatment works that meet certain criteria of excellence.

1.10 OVERVIEW OF BUDGET RELATED-POLICIES

The KHM's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

1.10.1 Review of credit control and debt collection procedures/policies

The Collection Policy as approved by Council in May 2018 and is reviewed annually. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, it is essential that projects implemented should create work. The 2019 / 2020 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 88 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the KHM's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy. Currently the collection rate is only 82%.

1.10.2 Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the KHM's revenue base.

1.10.3 Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the KHM continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions. Unfortunately, both these processes were derailed in the current year.

1.10.4 Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2018. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on. The SIPDM policy was also adopted by Council

1.10.5 Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the KHM's system of delegations. The policy is however not fully developed due to uncertainties within mSCOA.

1.10.6 Cash Management and Investment Policy

The KHM's Cash Management and Investment Policy were amended by Council in May 2018. The aim of the policy is to ensure that the KHM's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduces time frames to achieve certain benchmarks.

1.10.7 Tariff Policies

The KHM's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

1.10.8 Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy has directly informed the compilation of the 2019 / 2020 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has to be modelled as part of the financial modelling and scenario planning process:

- Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
- Economic climate and trends (i.e Inflation, household debt levels, indigent factors, growth, recessionary implications);
- Loan and investment possibilities;
- Performance trends;
- Tariff Increases;
- The ability of the community to pay for services (affordability);
- Policy priorities;
- Improved and sustainable service delivery; and
- Debtor payment levels.

All the above policies are available on the KHM's website, as well as the following budget related policies:

- Property Rates Policy;
- Borrowing Policy;
- Budget Policy; and
- Basic Social Services Package (Indigent Policy).

1.11 OVERVIEW OF BUDGET ASSUMPTIONS

1.11.1 External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the KHM's finances.

1.11.2 General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2019 / 2020 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on KHM's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration. Employee related costs comprise 46 percent of total operating expenditure in the 2019 / 2020 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

1.11.3 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilised to fund capital or refinancing of borrowing in certain conditions.

1.11.4 Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate slightly higher than CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (87 per cent) of annual billings. Cash flow is assumed to be 87 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. In practice the collection rate only reach 82% currently.

1.11.5 Growth or decline in tax base of the municipality

Debtors' revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the KHM, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

1.11.6 Salary increases

A 6.5 % salary increase was budgeted for as the negotiation process were not complete.

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

1.11.7 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 97 per cent is achieved on operating expenditure and 100 per cent on the capital programme for the 2019 / 2020 MTREF of which performance has been factored into the cash flow budget.

1.12 OVERVIEW OF BUDGET FUNDING

1.12.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Table 18 Breakdown of the operating revenue over the medium-term

NC066 Karoo Hoogland - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand												
REVENUE ITEMS:												
Property rates		6										
Total Property Rates			5 326	5 799	6 997	10 814	10 814	10 814	10 814	8 728	9 200	9 697
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)					505	4 240	4 240	4 240	4 240	1 582	1 667	1 757
Net Property Rates			5 326	5 799	6 492	6 574	6 574	6 574	6 574	7 147	7 533	7 940
Service charges - electricity revenue		6										
Total Service charges - electricity revenue			8 800	8 768	9 239	10 396	10 443	10 443	10 443	11 041	11 637	12 266
less Revenue Foregone (in excess of 50 kwh per indigent household per month)												
less Cost of Free Basis Services (50 kwh per indigent household per month)			–	–	401	541	541	541	541	598	631	665
Net Service charges - electricity revenue			8 800	8 768	8 838	9 855	9 902	9 902	9 902	10 443	11 007	11 601
Service charges - water revenue		6										
Total Service charges - water revenue			2 350	2 780	3 655	3 939	3 939	3 939	3 939	4 272	4 502	4 746
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)												
less Cost of Free Basis Services (6 kilolitres per indigent household per month)			–	–	745	1 119	1 119	1 119	1 119	1 057	1 114	1 174
Net Service charges - water revenue			2 350	2 780	2 910	2 820	2 820	2 820	2 820	3 215	3 389	3 572
Service charges - sanitation revenue												
Total Service charges - sanitation revenue			2 305	2 643	3 620	3 932	3 932	3 932	3 932	4 352	4 587	4 835
less Revenue Foregone (in excess of free sanitation service to indigent households)												
less Cost of Free Basis Services (free sanitation service to indigent households)			–	–	980	1 265	1 265	1 265	1 265	1 179	1 243	1 310
Net Service charges - sanitation revenue			2 305	2 643	2 640	2 667	2 667	2 667	2 667	3 173	3 344	3 525
Service charges - refuse revenue		6										
Total refuse removal revenue			1 724	2 046	2 899	3 216	3 216	3 216	3 216	3 511	3 701	3 901
Total landfill revenue												
less Revenue Foregone (in excess of one removal a week to indigent households)												
less Cost of Free Basis Services (removed once a week to indigent households)			–	–	880	1 118	1 118	1 118	1 118	1 083	1 141	1 203
Net Service charges - refuse revenue			1 724	2 046	2 019	2 098	2 098	2 098	2 098	2 429	2 560	2 698
Other Revenue by source												
Fuel Levy												
Other Revenue			2 050	422	737	3 224	4 832	4 832	4 832	2 381	2 509	2 645
Discount Received				1 136								
		3										
Total 'Other' Revenue		1	2 050	1 559	737	3 224	4 832	4 832	4 832	2 381	2 509	2 645

The following graph is a breakdown of the operational revenue per main category for the 2019 / 2020 financial year.

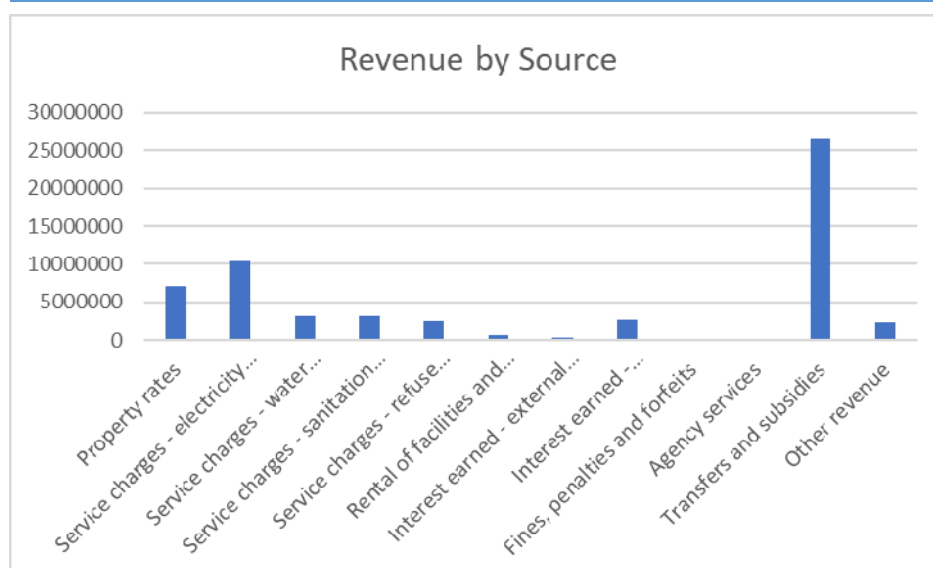


Figure 4 Breakdown of operating revenue over the 2019 / 2020 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The KHM derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal. Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the KHM and economic development;
- Revenue management and enhancement;
- Achievement of a 87 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The tables below provide detail investment information and investment particulars by maturity.

Table 19 MBRR SA15 – Detail Investment Information

No funds are currently invested

Table 20 MBRR SA16 – Investment particulars by maturity

No funds are currently invested

1.12.2 Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2019/20 medium-term capital programme:

Table 21 Sources of capital revenue over the MTREF

Total Capital Expenditure - Functional	3	7 422	11 240	23 929	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Funded by:											
National Government		6 549	9 961	20 874	17 020	14 020	14 020	14 020	15 087	13 274	14 542
Provincial Government		129	190		27 000	27 000	27 000	27 000	20 000		
District Municipality											
Other transfers and grants											
Transfers recognised - capital	4	6 677	10 150	20 874	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Borrowing	6										
Internally generated funds		744	1 090	3 055							
Total Capital Funding	7	7 422	11 240	23 929	44 020	41 020	41 020	41 020	35 087	13 274	14 542

Table 22 MBRR Table SA 17 - Detail of borrowings

NC066 Karoo Hoogland - Supporting Table SA17 Borrowing

Borrowing - Categorised by type R thousand	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Parent municipality										
Annuity and Bullet Loans		2 405	2 374	1 983	1 879	1 879	1 879	1 667	1 444	1 210
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Municipality sub-total	1	2 405	2 374	1 983	1 879	1 879	1 879	1 667	1 444	1 210
Entities										
Annuity and Bullet Loans										
Long-Term Loans (non-annuity)										
Local registered stock										
Instalment Credit										
Financial Leases										
PPP liabilities										
Finance Granted By Cap Equipment Supplier										
Marketable Bonds										
Non-Marketable Bonds										
Bankers Acceptances										
Financial derivatives										
Other Securities										
Entities sub-total	1	-	-	-	-	-	-	-	-	-
Total Borrowing	1	2 405	2 374	1 983	1 879	1 879	1 879	1 667	1 444	1 210

Table 23 MBRR Table SA 18 - Capital transfers and grant receipts

NC066 Karoo Hoogland - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		19 542	19 503	21 098	22 221	22 221	22 221	24 851	27 074	29 062
Local Government Equitable Share		15 812	16 678	18 198	20 251	20 251	20 251	22 416	24 207	26 195
Finance Management		1 800	1 825	1 900	1 970	1 970	1 970	2 435	2 867	2 867
		930	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		1 000	1 000	1 000	-	-	-	-	-	-
Provincial Government:		1 713	1 743	1 667	1 697	1 497	1 497	1 497	1 667	1 667
Sport and Recreation		1 713	1 743	1 667	1 697	1 497	1 497	1 497	1 667	1 667
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Operating Transfers and Grants	5	21 255	21 246	22 765	23 918	23 718	23 718	26 348	28 741	30 729
Capital Transfers and Grants										
National Government:		10 005	7 744	21 145	43 020	43 020	43 020	33 087	13 274	13 542
Regional Bulk Infrastructure		2 000			27 000	27 000	27 000	20 000	-	-
Municipal Infrastructure Grant (MIG)		8 005	7 744	14 145	8 020	8 020	8 020	8 087	8 274	8 542
Regional Bulk Infrastructure EEDSM				7 000	5 000	5 000	5 000	5 000	5 000	5 000
					3 000	3 000	3 000			
Provincial Government:		-	1 600	-	1 000	1 000	1 000	2 000	-	-
INEP			1 600		1 000	1 000	1 000	2 000		
District Municipality:		1 000	-	-	-	-	-	-	-	-
[insert description]										
Pula Nala		1 000								
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total Capital Transfers and Grants	5	11 005	9 344	21 145	44 020	44 020	44 020	35 087	13 274	13 542
TOTAL RECEIPTS OF TRANSFERS & GRANTS		32 260	30 590	43 910	67 938	67 738	67 738	61 435	42 015	44 271

1.12.3 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councillors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;

- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

Table 24 MBRR Table A7 - Budget cash flow statement

NC066 Karoo Hoogland - Table A7 Budgeted Cash Flows

Description		Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			5 328	5 815	5 640	6 574	6 574	6 574	6 574	7 147	7 533	7 940
Service charges			14 789	14 258	14 055	17 453	17 487	17 487	17 487	19 259	20 299	21 396
Other revenue			252	7	(309)	4 262	5 587	5 587	5 587	3 224	3 398	3 581
Government - operating		1	21 602	23 927	22 961	23 918	26 525	26 525	26 525	26 434	28 741	30 729
Government - capital		1	6 133	9 414	21 831	44 020	41 020	41 020	41 020	35 087	13 274	14 542
Interest			1 178	1 602	1 886	2 023	2 205	2 205	2 205	3 024	3 188	3 360
Dividends										-	-	-
Payments												
Suppliers and employees			(37 166)	(45 921)	(42 507)	(51 076)	(55 007)	(55 007)	(55 007)	(54 927)	(57 893)	(61 019)
Finance charges			(575)	(205)	(8)	(231)	(231)	(231)	(231)	(244)	(257)	(271)
Transfers and Grants		1								(539)	(568)	(599)
NET CASH FROM/(USED) OPERATING ACTIVITIES			11 542	8 896	23 549	46 943	44 159	44 159	44 159	38 465	17 714	19 658
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE				(589)	(92)					-	-	-
Decrease (Increase) in non-current debtors										-	-	-
Decrease (increase) other non-current receivables										-	-	-
Decrease (increase) in non-current investments										-	-	-
Payments												
Capital assets			(7 878)	(11 240)	(23 929)	(44 020)	(41 020)	(41 020)	(41 020)	(35 087)	(13 274)	(14 542)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(7 878)	(11 829)	(24 021)	(44 020)	(41 020)	(41 020)	(41 020)	(35 087)	(13 274)	(14 542)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans										-	-	-
Borrowing long term/refinancing										-	-	-
Increase (decrease) in consumer deposits				116	(83)					-	-	-
Payments												
Repayment of borrowing				(165)	(552)	(279)	(279)	(279)	(279)	(303)	(303)	(303)
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	(50)	(634)	(279)	(279)	(279)	(279)	(303)	(303)	(303)
NET INCREASE/ (DECREASE) IN CASH HELD			3 664	(2 983)	(1 106)	2 644	2 860	2 860	2 860	3 075	4 137	4 813
Cash/cash equivalents at the year begin:		2	2 913	6 503	3 520	1 289	1 250	1 250	1 250	2 415	5 490	9 627
Cash/cash equivalents at the year end:		2	6 577	3 520	2 414	3 933	4 110	4 110	4 110	5 490	9 627	14 440

The above table shows that cash and cash equivalents of the KHM are largely depleted

1.12.4 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments that are available at the end of the budget year?
- How are those funds used?
- What are the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 25 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

NC066 Karoo Hoogland - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19				2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash and investments available											
Cash/cash equivalents at the year end	1	6 577	3 520	2 414	3 933	4 110	4 110	4 110	5 490	9 627	14 440
Other current investments > 90 days		(73)	–	(0)	(2 616)	(2 793)	(2 793)	(2 793)	(3 011)	(7 015)	(11 686)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		6 503	3 520	2 414	1 318	1 318	1 318	1 318	2 479	2 613	2 754
Application of cash and investments											
Unspent conditional transfers		–	–	–	–	–	–	–	–	–	–
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2	–	–	–	–	–	–	–	–	–	–
Other working capital requirements	3	7 070	5 684	5 023	(8 486)	(8 445)	(8 445)	(8 445)	(7 357)	(7 805)	(8 280)
Other provisions		–	–	–	–	–	–	–	–	–	–
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	–	–	–	–	–	–	–	–	–	–
Total Application of cash and investments:		7 070	5 684	5 023	(8 486)	(8 445)	(8 445)	(8 445)	(7 357)	(7 805)	(8 280)
Surplus(shortfall)		(567)	(2 164)	(2 609)	9 804	9 763	9 763	9 763	9 836	10 418	11 034

It can be concluded that the KHM has a deficit against the cash backed and accumulated surpluses reconciliation. The municipality has essentially depleted all cash reserves which is a serious concern and should be considered a strategic risk to the financial stability of the KHM. As part of the planning strategy, this deficit needs to be aggressively managed downwards and as part of the medium term planning objectives. It needs to be noted that for all practical purposes the 2019 / 2020 MTREF is funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2019 / 2020 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. The challenge for the KHM will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

1.12.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 26 MBRR SA10 – Funding compliance measurement

Reserves											
Surplus/(Deficit)		(567)	(2 164)	(2 609)	9 804	9 763	9 763	9 763	9 836	10 418	11 034
Free Services											
Free Basic Services as a % of Equitable Share		0,0%	0,0%	16,5%	20,0%	20,0%	20,0%		17,5%	17,1%	16,6%
Free Services as a % of Operating Revenue (excl operational transfers)		0,0%	0,0%	1,9%	14,0%	13,3%	13,3%		4,8%	4,8%	4,8%
High Level Outcome of Funding Compliance											
Total Operating Revenue		45 951	50 082	49 638	54 230	58 379	58 379	58 379	59 088	63 159	67 005
Total Operating Expenditure		49 271	59 423	58 518	54 175	58 324	58 324	58 324	66 125	69 291	72 627
Surplus/(Deficit) Budgeted Operating Statement		(3 320)	(9 341)	(8 880)	55	55	55	55	(7 037)	(6 132)	(5 622)
Surplus/(Deficit) Considering Reserves and Cash Backing		(567)	(2 164)	(2 609)	9 804	9 763	9 763	9 763	9 836	10 418	11 034
MTREF Funded (1) / Unfunded (0)	15	0	0	0	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✗	15	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓

1.12.5.1 Cash/cash equivalent position

The KHM's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

1.12.5.2 Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in Table 25, on page 25. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

1.12.5.3 Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the KHM to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts.

1.12.5.4 Surplus/deficit excluding depreciation offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

1.12.5.5 Property Rates/service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

1.12.5.6 Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 88, 89 and 89 per cent for each of the respective financial years. Given that the assumed collection rate was based on a 87 per cent performance target, the cash flow statement has been overstated. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

1.12.5.7 Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision is considered to be insufficient.

1.12.5.8 Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

1.12.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA

compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded.

1.12.5.10 Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The KHM has budgeted for all transfers.

1.12.5.11 Consumer debtors change (Current and Non-current)

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the KHM's policy of settling debtors' accounts within 30 days.

1.12.5.12 Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the KHM's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C on page 90.

1.12.5.13 Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b on page 89.

1.13 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 27 MBRR SA19 - Expenditure on transfers and grant programmes

NC066 Karoo Hoogland - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
EXPENDITURE:	1									
Operating expenditure of Transfers and Grants										
National Government:		19 542	19 503	21 098	25 221	25 221	25 221	24 851	27 074	29 062
Local Government Equitable Share		15 812	16 678	18 198	20 251	20 251	20 251	22 416	24 207	26 195
Finance Management		1 800	1 825	1 900	1 970	1 970	1 970	2 435	2 867	2 867
Municipal Systems Improvement		930	-	-	-	-	-			
Energy Efficiency and Demand Management					3 000	3 000	3 000			
Water Services Operating Subsidy										
Integrated National Electrification Programme										
EPWP		1 000	1 000	1 000	-	-	-			
Provincial Government:		1 713	1 743	1 667	1 697	1 497	1 497	1 497	1 667	1 667
Sport and Recreation		1 713	1 743	1 667	1 697	1 497	1 497	1 497	1 667	1 667
Other transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total operating expenditure of Transfers and Grants		21 255	21 246	22 765	26 918	26 718	26 718	26 348	28 741	30 729
Capital expenditure of Transfers and Grants										
National Government:		10 005	7 744	21 145	41 020	41 020	41 020	33 087	13 274	13 542
Regional Bulk Infrastructure		2 000			27 000	27 000	27 000	20 000	-	-
Municipal Infrastructure Grant (MIG)		8 005	7 744	14 145	8 020	8 020	8 020	8 087	8 274	8 542
WSIG					5 000	5 000	5 000			
Regional Bulk Infrastructure				7 000	1 000	1 000	1 000			
EEDSM								5 000	5 000	5 000
Provincial Government:		1 000	1 600	-	-	-	-	2 000	-	-
INEP		1 000	1 600					2 000		
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		11 005	9 344	21 145	41 020	41 020	41 020	35 087	13 274	13 542
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		32 260	30 590	43 910	67 938	67 738	67 738	61 435	42 015	44 271

Table 28 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

NC066 Karoo Hoogland - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand										
Operating transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		19 481	22 016	21 294	22 221	24 829	24 829	24 937	27 074	29 062
Conditions met - transferred to revenue		19 481	22 016	21 294	22 221	24 829	24 829	24 937	27 074	29 062
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		1 713	1 743	1 667	1 697	1 697	1 697	1 497	1 667	1 667
Conditions met - transferred to revenue		1 713	1 743	1 667	1 697	1 697	1 697	1 497	1 667	1 667
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		21 194	23 759	22 961	23 918	26 526	26 526	26 434	28 741	30 729
Total operating transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
Capital transfers and grants:	1,3									
National Government:										
Balance unspent at beginning of the year		6 677	10 150	20 874	44 020	41 020	41 020	35 087	13 274	14 542
Current year receipts										
Conditions met - transferred to revenue		6 677	10 150	20 874	44 020	41 020	41 020	35 087	13 274	14 542
Conditions still to be met - transferred to liabilities										
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total capital transfers and grants revenue		6 677	10 150	20 874	44 020	41 020	41 020	35 087	13 274	14 542
Total capital transfers and grants - CTBM	2	-	-	-	-	-	-	-	-	-
TOTAL TRANSFERS AND GRANTS REVENUE		27 871	33 909	43 835	67 938	67 546	67 546	61 521	42 015	45 271

1.14 COUNCILLOR AND EMPLOYEE BENEFITS

Table 29 MBRR SA22 - Summary of councillor and staff benefits

NC066 Karoo Hoogland - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2015/16	2016/17	2017/18	Current Year 2018/19			2019/20 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		1 934	2 130	2 200	2 115	2 115	2 115	2 382	2 510	2 646
Pension and UIF Contributions										
Medical Aid Contributions										
Motor Vehicle Allowance				228	236	236	236			
Cellphone Allowance		146	157	160	291	291	291	286	286	286
Housing Allowances										
Other benefits and allowances		105	113	25	26	26	26	7	7	7
Sub Total - Councillors		2 185	2 400	2 613	2 668	2 668	2 668	2 674	2 803	2 939
% increase	4		9,8%	8,9%	2,1%	-	-	0,2%	4,8%	4,8%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 325	2 798	3 325	3 260	3 260	3 260	2 991	3 153	3 323
Pension and UIF Contributions								5	5	5
Medical Aid Contributions										
Overtime										
Performance Bonus								419	442	466
Motor Vehicle Allowance										
Cellphone Allowance	3							36	36	36
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		2 325	2 798	3 325	3 260	3 260	3 260	3 451	3 636	3 830
% increase	4		20,3%	18,8%	(2,0%)	-	-	5,9%	5,3%	5,4%
Other Municipal Staff										
Basic Salaries and Wages		12 311	13 102	15 227	17 433	17 433	17 433	19 394	20 309	21 406
Pension and UIF Contributions		825	888	975	1 501	1 501	1 501	1 593	1 680	1 772
Medical Aid Contributions		296	318	97	90	90	90	42	44	47
Overtime		152	164	80	240	240	240	297	348	367
Performance Bonus		1 005	1 082	1 329	1 696	1 696	1 696	1 530	1 613	1 701
Motor Vehicle Allowance	3	-	-	500	469	469	469	146	146	146
Cellphone Allowance	3	-	-	41	68	68	68	25	25	25
Housing Allowances	3	8	9	163	85	85	85	98	100	101
Other benefits and allowances	3	329	354	368	522	522	522			
Payments in lieu of leave				90	91	91	91	91	96	101
Long service awards				30	30	30	30	138	145	153
Post-retirement benefit obligations	6			269	269	269	269	269	284	300
Sub Total - Other Municipal Staff		14 927	15 918	18 900	22 493	22 493	22 493	23 623	24 790	26 119
% increase	4		6,6%	18,7%	19,0%	-	-	5,0%	4,9%	5,4%
Total Parent Municipality		19 437	21 116	24 838	28 422	28 422	28 422	29 748	31 228	32 887

Table 30 MBRR SA24 – Summary of personnel numbers

NC066 Karoo Hoogland - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	Ref	2017/18			Current Year 2018/19			Budget Year 2019/20		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		7	7	–	7	7	–	7	7	–
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	3	1	2	3	1	2	3	1	2
Other Managers	7									
Professionals		–	–	–	–	–	–	–	–	–
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Technicians		5	5	5	5	5	5	5	5	5
Finance		5	5	–	5	5		5	5	
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)		12	12	–	12	12		12	12	
Service and sales workers										
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators		5	5	–	5	5		5	5	
Elementary Occupations		58	58	–	72	72		72	72	
TOTAL PERSONNEL NUMBERS	9	90	88	2	104	102	2	104	102	2
% Increase					15,6%	15,9%	–	–	–	–
Total municipal employees headcount	6, 10									
Finance personnel headcount	8, 10	17	17	–	18	18	18	18	18	18
Human Resources personnel headcount	8, 10	2	2	–	2	2	2	2	2	2

1.15 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 31 MBRR SA25 - Budgeted monthly revenue and expenditure

BEGROTING 2019/20

NC066 Karoo Hoogland - Supporting Table SA25 Budgeted monthly revenue and expenditure

Budget Year 2019/20														Medium Term Revenue and Expenditure Framework			
Description		Ref	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																	
Revenue By Source																	
Property rates			5 147	2 000										(0)	7 147	7 533	7 940
Service charges - electricity revenue			870	870	870	870	870	870	870	870	870	870	870	870	10 443	11 007	11 601
Service charges - water revenue			268	268	268	268	268	268	268	268	268	268	268	268	3 215	3 389	3 572
Service charges - sanitation revenue			264	264	264	264	264	264	264	264	264	264	264	264	3 173	3 344	3 525
Service charges - refuse revenue			202	202	202	202	202	202	202	202	202	202	202	202	2 429	2 560	2 698
Rental of facilities and equipment			62	62	62	62	62	62	62	62	62	62	62	62	739	779	821
Interest earned - external investments			26	26	26	26	26	26	26	26	26	26	26	26	309	325	343
Interest earned - outstanding debtors			226	226	226	226	226	226	226	226	226	226	226	226	2 716	2 862	3 017
Dividends received			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits			2	2	2	2	2	2	2	2	2	2	2	2	29	30	32
Licences and permits			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services			6	6	6	6	6	6	6	6	6	6	6	6	75	79	83
Transfers and subsidies			2 203	2 203	2 203	2 203	2 203	2 203	2 203	2 203	2 203	2 203	2 203	2 203	26 434	28 741	30 729
Other revenue			198	198	198	198	198	198	198	198	198	198	198	198	2 381	2 509	2 645
Gains on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)			9 475	6 328	4 328	4 328	4 328	4 328	4 328	4 328	4 328	4 328	4 328	4 328	59 088	63 159	67 005
Expenditure By Type																	
Employee related costs			2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	27 074	28 536	30 077
Remuneration of councillors			223	223	223	223	223	223	223	223	223	223	223	223	2 674	2 819	2 971
Debt impairment			243	243	243	243	243	243	243	243	243	243	243	243	2 915	3 072	3 238
Depreciation & asset impairment			625	625	625	625	625	625	625	625	625	625	625	625	7 500	7 500	7 500
Finance charges			20	20	20	20	20	20	20	20	20	20	20	20	244	257	271
Bulk purchases			785	785	785	785	785	785	785	785	785	785	785	785	9 424	9 933	10 469
Other materials			99	99	99	99	99	99	99	99	99	99	99	99	1 188	1 252	1 320
Contracted services			417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 270	5 554
Transfers and subsidies			45	45	45	45	45	45	45	45	45	45	45	45	539	568	599
Other expenditure			797	797	797	797	797	797	797	797	797	797	797	797	9 567	10 084	10 628
Loss on disposal of PPE			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure			5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	66 125	69 291	72 627
Surplus/(Deficit)			3 965	818	(1 182)	(1 182)	(1 182)	(1 182)	(1 182)	(1 182)	(1 182)	(1 182)	(1 182)	(1 182)	(7 037)	(6 132)	(5 622)
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)			2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	35 087	13 274	14 542
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)														-	-	-	-
Transfers and subsidies - capital (in-kind - all)														-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			6 889	3 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	28 051	7 142	8 920
Taxation														-	-	-	-
Attributable to minorities														-	-	-	-
Share of surplus/ (deficit) of associate														-	-	-	-
Surplus/(Deficit)			1	6 889	3 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	1 742	28 051	7 142	8 920

Table 32 MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)

NC066 Karoo Hoogland - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description		Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand			July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Revenue by Vote																	
Council			171	171	171	171	171	171	171	171	171	171	171	171	2 052	2 163	2 280
Finance			395	395	395	395	395	395	395	395	395	395	395	395	4 741	3 507	4 683
Rates			786	786	786	786	786	786	786	786	786	786	786	786	9 427	9 936	10 473
Municipal Manager			12	12	12	12	12	12	12	12	12	12	12	12	149	157	165
Refuse			738	738	738	738	738	738	738	738	738	738	738	738	8 854	9 332	9 836
Libraries			121	121	121	121	121	121	121	121	121	121	121	121	1 454	1 532	1 615
Commonage			65	65	65	65	65	65	65	65	65	65	65	65	782	824	868
Townhall & Buildings			2	2	2	2	2	2	2	2	2	2	2	2	24	26	27
Cemeteries			1	1	1	1	1	1	1	1	1	1	1	1	10	11	11
Parks trees and recreation			0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets and Public Works			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Electricity			1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	20 681	21 797	22 975
Water			3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	36 546	17 182	18 110
Sanitation			788	788	788	788	788	788	788	788	788	788	788	788	9 454	9 964	10 502
Total Revenue by Vote			7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	94 175	76 433	81 547
Expenditure by Vote to be appropriated																	
Council			376	376	376	376	376	376	376	376	376	376	376	376	4 512	4 756	5 012
Finance			1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	1 322	15 861	16 695	17 575
Rates			64	64	64	64	64	64	64	64	64	64	64	64	768	809	853
Municipal Manager			570	570	570	570	570	570	570	570	570	570	570	570	6 837	7 207	7 596
Refuse			203	203	203	203	203	203	203	203	203	203	203	203	2 439	2 571	2 709
Libraries			120	120	120	120	120	120	120	120	120	120	120	120	1 446	1 524	1 606
Commonage			123	123	123	123	123	123	123	123	123	123	123	123	1 474	1 553	1 637
Townhall & Buildings			20	20	20	20	20	20	20	20	20	20	20	20	237	249	263
Cemeteries			0	0	0	0	0	0	0	0	0	0	0	0	1	1	1
Parks trees and recreation			57	57	57	57	57	57	57	57	57	57	57	57	684	721	760
Health			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets and Public Works			978	978	978	978	978	978	978	978	978	978	978	978	11 731	11 981	12 244
Electricity			1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	12 978	13 679	14 417
Water			321	321	321	321	321	321	321	321	321	321	321	321	3 846	4 054	4 273
Sanitation			276	276	276	276	276	276	276	276	276	276	276	276	3 312	3 491	3 680
Total Expenditure by Vote			5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	5 510	66 125	69 291	72 627
Surplus/(Deficit) before assoc.			2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	28 051	7 142	8 920
Taxation															-	-	-
Attributable to minorities															-	-	-
Share of surplus/ (deficit) of associate															-	-	-
Surplus/(Deficit)	1		2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	2 338	28 051	7 142	8 920

Table 33 MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)

BEGROTING 2019/20

NC066 Karoo Hoogland - Supporting Table SA27 Budgeted monthly revenue and expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
R thousand																
Revenue - Functional																
<i>Governance and administration</i>		1 429	1 429	1 429	1 429	1 429	1 429	1 429	1 429	1 429	1 429	1 429	1 429	17 151	16 586	18 469
Executive and council		969	969	969	969	969	969	969	969	969	969	969	969	11 628	12 256	12 918
Finance and administration		460	460	460	460	460	460	460	460	460	460	460	460	5 523	4 331	5 552
Internal audit																
<i>Community and public safety</i>		124	124	124	124	124	124	124	124	124	124	124	124	1 490	1 570	1 655
Community and social services		124	124	124	124	124	124	124	124	124	124	124	124	1 488	1 569	1 653
Sport and recreation		0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
Public safety																
Housing																
Health																
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-			
Planning and development																
Road transport																
Environmental protection																
<i>Trading services</i>		6 295	6 295	6 295	6 295	6 295	6 295	6 295	6 295	6 295	6 295	6 295	6 295	75 535	58 276	61 423
Energy sources		1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	1 723	20 681	21 797	22 975
Water management		3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	3 046	36 546	17 182	18 110
Waste water management		788	788	788	788	788	788	788	788	788	788	788	788	9 454	9 964	10 502
Waste management		738	738	738	738	738	738	738	738	738	738	738	738	8 854	9 332	9 836
<i>Other</i>																
Total Revenue - Functional		7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	7 848	94 175	76 433	81 547
Expenditure - Functional																
<i>Governance and administration</i>		2 454	2 454	2 454	2 454	2 454	2 454	2 454	2 454	2 454	2 454	2 454	2 454	29 451	31 020	32 674
Executive and council		1 012	1 012	1 012	1 012	1 012	1 012	1 012	1 012	1 012	1 012	1 012	1 012	12 138	12 772	13 440
Finance and administration		1 443	1 443	1 443	1 443	1 443	1 443	1 443	1 443	1 443	1 443	1 443	1 443	17 313	18 248	19 233
Internal audit																
<i>Community and public safety</i>		197	197	197	197	197	197	197	197	197	197	197	197	2 368	2 496	2 630
Community and social services		140	140	140	140	140	140	140	140	140	140	140	140	1 684	1 774	1 870
Sport and recreation		57	57	57	57	57	57	57	57	57	57	57	57	684	721	760
Public safety																
Housing																
Health																
<i>Economic and environmental services</i>		57	57	57	57	57	57	57	57	57	57	57	11 103	11 731	11 981	12 244
Planning and development																
Road transport		57	57	57	57	57	57	57	57	57	57	57	11 103	11 731	11 981	12 244
Environmental protection																
<i>Trading services</i>		1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	1 881	22 575	23 794	25 079
Energy sources		1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	1 081	12 978	13 679	14 417
Water management		321	321	321	321	321	321	321	321	321	321	321	321	3 846	4 054	4 273
Waste water management		276	276	276	276	276	276	276	276	276	276	276	276	3 312	3 491	3 680
Waste management		203	203	203	203	203	203	203	203	203	203	203	203	2 439	2 571	2 709
<i>Other</i>																
Total Expenditure - Functional		4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	4 590	15 636	66 125	69 291	72 627
Surplus/(Deficit) before assoc.		3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	(7 788)	28 051	7 142	8 920
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	3 258	(7 788)	28 051	7 142	8 920

Table 34 MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)

BEGROTING 2019/20

NC066 Karoo Hoogland - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Multi-year expenditure to be appropriated	1															
Council													-	-	-	-
Finance													-	-	-	-
Rates													-	-	-	-
Municipal Manager													-	-	-	-
Refuse													-	-	-	-
Libraries													-	-	-	-
Commonage													-	-	-	-
Townhall & Buildings													-	-	-	-
Cemeteries													-	-	-	-
Parks trees and recreation													-	-	-	-
Health													-	-	-	-
Streets and Public Works													-	-	-	-
Electricity													-	-	-	-
Water													-	-	-	-
Sanitation													-	-	-	-
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																
Council													-	-	-	-
Finance													-	-	-	-
Rates													-	-	-	-
Municipal Manager													-	-	-	-
Refuse													-	-	-	-
Libraries													-	-	-	-
Commonage													-	-	-	-
Townhall & Buildings													-	-	-	-
Cemeteries													-	-	-	-
Parks trees and recreation													-	-	-	-
Health													-	-	-	-
Streets and Public Works													-	-	-	-
Electricity		583	583	583	583	583	583	583	583	583	583	583	583	7 000	5 000	6 000
Water													28 087	28 087	8 274	8 542
Sanitation													-	-	-	-
Capital single-year expenditure sub-total	2	583	583	583	583	583	583	583	583	583	583	583	28 670	35 087	13 274	14 542
Total Capital Expenditure	2	583	583	583	583	583	583	583	583	583	583	583	28 670	35 087	13 274	14 542

Table 35 MBRR SA29 - Budgeted monthly capital expenditure (standard classification)

NC066 Karoo Hoogland - Supporting Table SA29 Budgeted monthly capital expenditure (functional classification)

Description	Ref	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Capital Expenditure - Functional	1															
<i>Governance and administration</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Executive and council														-	-	-
Finance and administration														-	-	-
Internal audit														-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community and social services														-	-	-
Sport and recreation														-	-	-
Public safety														-	-	-
Housing														-	-	-
Health														-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Planning and development														-	-	-
Road transport														-	-	-
Environmental protection														-	-	-
<i>Trading services</i>		2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	35 087	13 274	14 542
Energy sources		583	583	583	583	583	583	583	583	583	583	583	583	7 000	5 000	6 000
Water management		2 341	2 341	2 341	2 341	2 341	2 341	2 341	2 341	2 341	2 341	2 341	2 341	28 087	8 274	8 542
Waste water management														-	-	-
Waste management														-	-	-
<i>Other</i>														-	-	-
Total Capital Expenditure - Functional	2	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	2 924	35 087	13 274	14 542
Funded by:																
National Government		1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	15 087	13 274	14 542
Provincial Government													20 000	20 000	-	-
District Municipality														-	-	-
Other transfers and grants														-	-	-
Transfers recognised - capital		1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	21 257	35 087	13 274	14 542
Borrowing														-	-	-
Internally generated funds														-	-	-
Total Capital Funding		1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	1 257	21 257	35 087	13 274	14 542

Table 36 MBRR SA30 - Budgeted monthly cash flow

BEGROTING 2019/20

NC066 Karoo Hoogland - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2019/20												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2019/20	Budget Year +1 2020/21	Budget Year +2 2021/22
Cash Receipts By Source													1		
Property rates	7 147	–	–	–	–	–	–	–	–	–	–	–	7 147	7 533	7 940
Service charges - electricity revenue	940	940	940	870	800	700	800	800	800	950	950	953	10 443	11 007	11 601
Service charges - water revenue	246	246	246	289	289	289	289	289	289	246	246	251	3 215	3 389	3 572
Service charges - sanitation revenue	264	264	264	264	264	264	264	264	264	264	264	264	3 173	3 344	3 525
Service charges - refuse revenue	202	202	202	202	202	202	202	202	202	202	202	202	2 429	2 560	2 698
Rental of facilities and equipment	62	62	62	62	62	62	62	62	62	62	62	62	739	779	821
Interest earned - external investments	26	26	26	26	26	26	26	26	26	26	26	26	309	325	343
Interest earned - outstanding debtors	226	226	226	226	226	226	226	226	226	226	226	226	2 716	2 862	3 017
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	2	2	2	2	2	2	2	2	2	2	2	2	29	30	32
Licences and permits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Agency services	6	6	6	6	6	6	6	6	6	6	6	6	75	79	83
Transfer receipts - operational	11 775	–	749	–	7 472	–	749	–	5 690	–	–	–	26 434	28 741	30 729
Other revenue	198	198	198	198	198	198	198	198	198	198	198	198	2 381	2 509	2 645
Cash Receipts by Source	21 095	2 173	2 922	2 146	9 548	1 976	2 825	2 076	7 766	2 183	2 183	2 191		63 159	67 005
Other Cash Flows by Source															
Transfer receipts - capital	5 044	10 000	5 000					5 044	10 000			–	35 087	13 274	14 542
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)												–			
Proceeds on disposal of PPE												–			
Short term loans												–			
Borrowing long term/refinancing												–			
Increase (decrease) in consumer deposits												–			
Decrease (increase) in non-current debtors												–			
Decrease (increase) other non-current receivables												–			
Decrease (increase) in non-current investments												–			
Total Cash Receipts by Source	26 139	12 173	7 922	2 146	9 548	1 976	2 825	7 120	17 766	2 183	2 183	2 191	35 087	76 433	81 547
Cash Payments by Type															
Employee related costs	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	2 256	27 074	28 536	30 077
Remuneration of councillors	223	223	223	223	223	223	223	223	223	223	223	223	2 674	2 819	2 971
Finance charges	20	20	20	20	20	20	20	20	20	20	20	20	244	257	271
Bulk purchases - Electricity	785	785	785	785	785	785	785	785	785	785	785	785	9 424	9 933	10 469
Bulk purchases - Water & Sewer	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other materials	99	99	99	99	99	99	99	99	99	99	99	99	1 188	1 252	1 320
Contracted services	417	417	417	417	417	417	417	417	417	417	417	417	5 000	5 270	5 554
Transfers and grants - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and grants - other	45	45	45	45	45	45	45	45	45	45	45	45	539	568	599
Other expenditure	797	797	797	797	797	797	797	797	797	797	797	797	9 567	10 084	10 628
Cash Payments by Type	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	4 643	55 710	58 718	61 889
Other Cash Flows/Payments by Type															
Capital assets			15 044						5 000		15 044	–	35 087	13 274	14 542
Repayment of borrowing	25	25	25	25	25	25	25	25	25	25	25	25	303	303	303
Other Cash Flows/Payments												–			
Total Cash Payments by Type	4 668	4 668	19 711	4 668	4 668	4 668	4 668	4 668	9 668	4 668	19 711	4 668	91 100	72 295	76 734
NET INCREASE/(DECREASE) IN CASH HELD	21 471	7 506	(11 789)	(2 521)	4 881	(2 691)	(1 843)	2 452	8 099	(2 484)	(17 528)	(2 476)	(56 013)	4 137	4 813
Cash/cash equivalents at the month/year begin:	2 415	23 886	31 392	19 603	17 081	21 962	19 271	17 428	19 880	27 979	25 494	7 967	2 415	(53 598)	(49 461)
Cash/cash equivalents at the month/year end:	23 886	31 392	19 603	17 081	21 962	19 271	17 428	19 880	27 979	25 494	7 967	5 490	(53 598)	(49 461)	(44 648)

1.16 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

1.17 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the KHM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

1.18 CAPITAL EXPENDITURE DETAILS

The following three tables present details of the KHM's capital expenditure programme, firstly on new assets, then the renewal of assets and finally on the repair and maintenance of assets.

Table 37 MBRR SA 34a - Capital expenditure on new assets by asset

All capital projects relate to new assets

Table 38 MBRR SA37 - Projects delayed from previous financial year

All projects are multiyear projects and no delays were experienced.

1.19 LEGISLATION COMPLIANCE STATUS

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting
Reporting to National Treasury in electronic format was fully complied with on a monthly basis although sometimes late. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved.
2. Internship programme
The KHM is participating in the Municipal Financial Management Internship programme and has employed two interns undergoing training in various divisions of the Financial Services Department. Only two interns have been employed. The municipality did however re advertised for the positions of another three interns
3. Budget and Treasury Office
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee
Currently there is an audit committee in place. The Municipality is currently making use of a shared service with Namakwa District Municipality.
5. Service Delivery and Implementation Plan
The detail SDBIP document is at a draft stage and will be finalised after approval of the 2019 / 2020 MTREF in May 2019 directly aligned and informed by the 2019 / 2020 MTREF.
6. Annual Report
Annual report is compiled in terms of the MFMA and National Treasury requirements.
7. MFMA Training
No training has been done on MFMA due to limited resources.
8. Policies
The Municipality is constantly developing new policies as the need arises. All budget related policies are in place and all policies is reviewed once a year and submitted to Council for approval.

1.20 OTHER SUPPORTING DOCUMENTS

Table 39 MBRR SA32 – List of external mechanisms

NC066 Karoo Hoogland - Supporting Table SA32 List of external mechanisms

External mechanism Name of organisation	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
		Number			R thousand
EDK	Yrs	3	Copiers	30 June 2019	404
Sebata	Yrs	1	Financial Management System	31 March 2020	551
AON Insurance	Yrs	3	Insurance	30 June 2021	325
Nashua	Yrs	5	Copiers	30 June 2019	59

The Municipality do have the contracts from service providers for the rental of copiers, for the supply of the Financial Management System and for insurance.

1.21 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I Jannie Fortuin, Municipal Manager of Karoo Hoogland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Karoo Hoogland Municipality (NC066)

Signature _____

Date 30 May 2019